

**EIR Online**  
**Online Almanac**  
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[return to home page](#)

[The USA & China](#)

[by Lyndon H. LaRouche, Jr.](#)

*These remarks were presented by Lyndon LaRouche, and translated into Chinese, for a conference titled, "Forum on the U.S.-China Relationship and the Peaceful Reunification of China," sponsored by the Institute of Sino Strategic Studies, which took place in Los Angeles on Nov. 24.*

As I reported in an international webcast, broadcast from Washington, D.C. on July 25th this year, the present world monetary-financial system has entered the most deadly crisis of recent centuries. At that time, I emphasized two things about that forecast: that the end of the present world monetary-financial system were inevitable, *unless* that system were replaced by a new world system during a relatively brief, remaining time available....[full article](#)

***Note to Subscribers:*** *The next EIR will be a special double issue, featuring an indepth report from LaRouche PAC, titled, "Is the Devil in Your Laptop: The Noösphere vs. the Blogosphere," written by a LaRouche Youth Movement counterintelligence team.*

*There is no EIR being produced this week.*

## ***Most Recent Issue:***

***[In-Depth articles from Vol. 34, No. 46](#)***

***[...Requires Adobe Reader®.](#)***

## **Feature**

***[From Milken & Enron to Perugia:](#)***

***['Extreme Events'!](#)***

***[by Lyndon H. LaRouche, Jr.](#)***

'There is an epoch-making quality of common historic thread, which ties together recent events typical of New York's and London's financial center, with both the Jokela High School massacre, and the very ugly death of a young English woman, in Perugia, Italy. All three of these and comparable signs of these, our present times, mark these reported events as sharing the characteristic of the events which a judge in Perugia reported, as driven by an ostensibly uncontrollable yearning for an 'extreme' quality of existentialist experience, by at least some among the surviving participants.'

***[The Ghouliani Files:](#)***

***[How Rudy Served as Midwife to Greenspan's 'Wall of Money' Policy](#)***

## **International**

## **Will Cheney and Pelosi Be Partners in Mass Murder?**

The only reliable war-avoidance path for the United States is the impeachment of Cheney, before he launches war against Iran. Why, then, is Speaker of the House Nancy Pelosi standing in the way?

## **IAEA: Diplomacy Can Work—If Desired**

## **U.S.-Pakistani Army Conflict Intensifies**

## **Elections in Pakistan Would Be a Mistake**

An interview with **Gen. Mirza Aslam Beg**.

## **Cheney Wants War; IDF Wants Peace With Syria**

## **Schiller Institute's Maglev Campaign Sets Debate in Danish Elections**

# National

## **Campaign 2008:**

## **The Rudy Bomb—Defused**

Missing from the media portrait of '9/11 hero' and Republican Presidential 'front-runner' Rudy Giuliani are his family mafia connections; his gangster-like assault on the poor as Mayor of New York City; his sabotage of the Firefighters on 9/11, and much more. As Rudy goes down, New York Mayor Michael Bloomberg is waiting in the wings.

## **The Republican-for-Roosevelt League**

**Franklin Roosevelt** described the cooperation needed between the Executive and Congress to save the nation, in this campaign speech to Republicans on Nov. 3, 1932.

## **Congressional Closeup**

# Departments

## **Report From Germany**

## **Cabinet Shakeup Is Not Enough**

## **Banking**

## **Bring in the Undertaker**

# Economics

## **'Starting a Run on the Bank of a Bankrupt System'**

The net liquidation of U.S. treasuries and other securities by China, Japan, and London-controlled off-shore 'banking centers' that reached record levels in August, continued in September, demonstrating that their massive support of the dollar has stopped. The only U.S. response has been a level of money printing reminiscent of Weimar Germany in 1923.

### **Bank of the South:**

## **A Huge Step Forward for Integration**

A new regional financial institution, viewed as an alternative to the International Monetary Fund's usurious policies, is to be established in South America in December.

## **LaRouche Rep Addresses Italian Entrepreneurs**

## **States' Budgets Blow as Housing and Credit Markets Crash**

## **'Florida Land Bubble' Collapse Returns**

### **U.S. Nuclear Energy Program Review:**

## **Too Much Talk, Too Little Mission**

## **Bertrand Russell's Malthusian Wedge**

## **Cost of Not Recycling May Be 'Staggering'**

An interview with **Dennis Spurgeon**.

### **Business Briefs**

# **The American Patriot**

### **Rekindling the Spark of Liberty:**

## **Lafayette's Visit to the United States, 1824-1825**

As the United States approached the 50th birthday of the Declaration of Independence, the French military hero of the American Revolution, **Marquis de Lafayette**, made a triumphant return here, where he was welcomed and celebrated throughout the land.

## **Lafayette in Congress: Bids Farewell to America**

## **Cooper, Poe, Lafayette, and the Cincinnati**

# **Interviews**

### **Gen. Mirza Aslam Beg**

General Beg is a senior figure in the Pakistani military establishment, having taken over as the Chief of Army Staff after then-President Gen.

Mohammed Zia ul-Haq was killed in an air crash in 1988.

## **Dennis Spurgeon**

Assistant Secretary for Nuclear Energy at the U.S. Department of Energy, Mr. Spurgeon also leads the DOE's Global Nuclear Energy Partnership (GNEP).

# **Editorial**

## **No Excuses**

### **U.S. Economic/Financial News**

#### **'Washington Post': Let the Nation's Banks Go Under**

Nov. 20 (EIRNS)—The *Washington Post* today promotes Congressional legislation to let some households threatened with foreclosure, choose bankruptcy instead, getting their mortgages restructured by bankruptcy judges. This legislation is sponsored by Sens. Charles Schumer (D-N.Y.) and Dick Durbin (D-Ill.), and Reps. Brad Miller (D-N.C.) and Linda Sanchez (D-Calif.).

This action would ignore the crisis hitting America's chartered banks, and Congress's responsibility for protection of those depository banks from the massive losses of the mortgage meltdown. "If your state or local bank goes, you're gone, mortgage or not," commented Lyndon LaRouche, whose Homeowners and Bank Protection Act would save both homeowners from foreclosures and chartered banks from closing their doors.

Under changes contained in the Miller-Sanchez bill, bankruptcy judges could lower the interest rate on a primary home, extend the life of the loan, or forgive part of the homeowner's debt. Further, the judge could reduce the principal on the loan to the home's "fair market value," which in the current depressed real estate market is generally less than the amount for which the mortgage-loan was contracted. The *Post*, citing a report on Moody's Economy.com, projects that this could reduce by a quarter, the anticipated 2 million foreclosures in the next 18 months.

The *Post* notes that, "Lenders say investors pumped money into the mortgage market knowing each loan they funded was secured by an asset—the home." The paper doesn't mention the bubble of securities backed by these assets, held by the major investment banks. Nowhere is there any indication that the bill would do anything to keep banks afloat that are necessary for the physical economy.

#### **Nation's Largest Homebuilders Now Rated as 'Junk'**

Nov. 20 (EIRNS)—CNNMoney notes that, of the nation's largest home builders, only luxury builder Toll Brothers, No. 6 in revenue, has yet to report a quarterly loss, even though its stock price has fallen by almost 50% in recent months. The five larger builders had much larger-than-forecast losses in their most recent financial reports. Home builders nationwide are reporting that the sales pace deteriorated significantly during October compared with recent months, and that they are experiencing a sharp rise in cancellations. CNN added that, last month, credit-rating agency Moody's downgraded the debt of three of the top four home builders: No. 1 Lennar, No. 2 Centex, and No. 4 Pulte Homes, to junk bond status.

#### **Democrats' Fannie-Freddie 'Solution': 'No Rescue Here'**

Nov. 23 (EIRNS)—The *Washington Post* devoted its lead editorial today to denouncing the foolish Democrats in the Congress who are proposing that Fannie Mae and Freddie Mac, the government-sponsored privatized agencies which back up \$4.8 trillion in mortgages in the U.S., bail out the subprime mortgage bubble. The *Post*, of course, has no better plan, and refuses to mention the FDR-solution proposed by Lyndon LaRouche (the Homeowners and Bank Protection Act), but they correctly note that Fannie and Freddie are themselves facing a disastrous collapse, and that "this is no time to pile new risks on top of those—known and unknown—that Fannie and Freddie already bear."

Under the headline "No Rescue Here," the *Post* says that with both Fannie and Freddie reporting huge losses, "their own safety and soundness come first." Freddie has 15% of its holdings in subprime-backed junk, while Fannie has 6%, or about \$42.4 billion, according to the *Wall Street Journal*, and Freddie will have to write off at least \$5 billion of its holdings next year (in addition to the \$2 billion loss reported this week). Freddie is now only \$600 million above its legal capital minimum, and will be issuing \$5 billion in preferred stock next week. Will anyone want it?

### **Foreclosures in Loudoun County, Va. Increase 758%**

Nov. 23 (EIRNS)—RealtyTrac, the national company monitoring foreclosures, announced that Loudoun County, Va., about 40 miles west of Washington, D.C., which Lyndon LaRouche long ago labeled "Ground Zero" of the real estate bubble, reported a 758% increase in foreclosures for the third quarter over 2006—from 125 filings in 2006 to 1,073 this year.

The national rate of increase in foreclosures over this period is about 100%.

### **Rising Heating Oil Costs Force Use of 19th-Century Methods**

Nov. 24 (EIRNS)—As the oil price flirts with \$100 per barrel, and cold weather moves into the Northeast, people who are able to, are moving from the use of oil for home heating, to wood-burning stoves and boilers.

Although nationally, heating oil is used by only 7% of homes, in the Northeast, closer to 50% of households heat with oil. But this year, heating oil prices have shot up 83% over last year's, making firewood a bargain. Wood is plentiful, and many are able to gather and cut their own wood to save money.

A story in the *New York Times* on Nov. 24, gives a picture: In Maine, many of the aged poor, who have eked a hard living from seasonal occupations such as fishing and lobstering, are now barely surviving on Social Security benefits and declining heat subsidies. The Federal heating assistance check for those applying, will probably drop this Winter to \$579 from \$688. Meanwhile, the average cost to heat a home has jumped from \$1,800 last year to a projected \$3,000 this year. For many, the only solution available this Winter will be to bundle up and turn off the heat at night.

## **World Economic News**

### **Bank Panic Uncovers Fantasy Bonds**

Nov. 21 (EIRNS)—"Covered bonds" are very much uncovered this afternoon in the worsening dollar crash, and the entire European market for trading these asset-backed securities among banks, has been shut down for a week, in another grave sign of a gathering bank panic.

European banks were ordered by the European Covered Bond Council to cease trying to market these bonds to each other, at least until Nov. 26. Reuters reports that this action became necessary after the price of buying derivatives contracts to insure these securities against default, shot upwards, in extremely volatile conditions. "In light of the current market situation and in order to avoid undue over-acceleration in the widening of [default] spreads," the Bond Council said it had to act.

Covered bonds are asset-backed securities created from either mortgage loans, or municipal and state loans. Unlike mortgage-backed securities (MBS), the bank that owns these loan assets doesn't sell them, but rather issues its own bonds with the loans as collateral. So, covered bonds are bank debt (bonds of banks, on their own credit) and now the banks of Europe are unable to sell their own bonds, even to each other. The interbank-lending "freeze-up," in effect since August, has just gotten worse.

## **Rats Jump the 'Covered Bond' Ship**

Nov. 22 (EIRNS)—A third bank, Abbey National, the British arm of Spain's Banco Santander, has been forced to pull out of the sale of the mortgage-backed bonds called "covered bonds." It joins Allied Irish Bank and Ahorro y Titulazicon (Spain), which also ran into trouble with their covered bonds trade.

A source with the German Association of Covered Bonds told *EIR* that the problem emerged mainly in Spain and Britain, where private investors were scared out of those bonds. Many of these bond-holders apparently came under acute pressure in the most recent period to get liquidity by selling such bonds, but the banks have also been having problems finding buyers. Eurohypo, the real estate branch of Commerzbank, reports traded volumes up to 20% below the average volumes traded in the uncovered bonds market in 2006. The market trading volume in this sector usually is several hundred million euros every day, but that's no longer the case, the source said. And, there is a trend among investors to shift from these covered bonds to state bonds, which look like a safer investment.

## **'Massive Hole' Discovered in U.K.'s Northern Rock**

Nov. 23 (EIRNS)—An examination by the *Guardian* newspaper of the books of the British mortgage lender Northern Rock revealed "a massive hole" in its assets, as they discovered that 53 billion pounds of its mortgage portfolio is sitting in an offshore trust called Granite Master Issuer, on the Island of Jersey. This calls into question whether Northern Rock will be able to pay back the Bank of England the 24 billion pounds it has borrowed. In addition, the BoE has extended a guarantee of 14 billion pounds to depositors. Apparently it is this 53 billion held in Granite that has been used to finance new credit.

The *Guardian* quotes Richard Murphy, a forensic accountant, as saying, "This should be a concern for the Bank [of England] and Treasury particularly if the emergency loans have actually been used to finance the activities of Granite rather than Northern Rock. It would be harder for the government to secure preferential treatment over other creditors if it is shown that the money was actually for Granite's benefit."

Meanwhile, a report from the Bank of England and the Treasury asserts that if Northern Rock defaults on its 24 billion pounds in BoE loans, it could "drive a coach and horses" through the public financing and throw the budget into a huge deficit. In another sign of the collapsing British housing market, Kensington Mortgages, which has specialized in subprime mortgages, announced that as of today it will no longer offer subprimes. Kensington is owned by the South African Investec Bank.

## **Now, Companies That Insure Bonds Are Going Under**

Nov. 23 (EIRNS)—*EIR* warned you on Aug. 12, 2007 that "monolines," the insurance companies that insure bonds, including mortgage-backed securities and municipal bonds, would be going under in the financial collapse—and now the bailouts are beginning to publicly surface.

Banque Populaire and Caisse d'Epargne, which control the French lender Natixis, are to inject \$1.5 billion into the CIFG, a monoline insurer for the French bank Natixis, in a desperate attempt to keep the insurer's credit rating up at the AAA level, the London *Independent* reports today.

Meanwhile, *Bloomberg* reports that the New York-based, Monoline Financial Guaranty Insurance Co. (FGIC) was given three weeks by the Fitch Ratings agency to come up with proof that it should not have its rating reduced. FGIC is jointly owned by PMI Group, Inc., the U.S.'s second-largest mortgage insurers; The Blackstone Group; and the Cypress Group. It insures \$315 billion worth of bonds, including \$30 billion of mortgage-backed bonds and \$25 billion of collateralized debt, but only had \$5 billion in capital reserves as of Sept. 30. Fitch says the FGIC, the fourth-largest debt guarantor, is the most vulnerable in the industry.

The monoline insurers are now backing \$2.4 trillion of securities whose own ratings will suffer if the monolines' ratings go down.

## United States News Digest

### U.S. Sends Ballistic Missile Defense Proposal to Russia

Nov. 22 (EIRNS)—The U.S. has submitted a formal proposal to Russia for cooperation on ballistic missile defense, the Associated Press reports today. This follows Foreign Minister Sergei Lavrov's public complaint that no written proposal from the U.S. side had been received, weeks after the 2+2 meeting of foreign and defense ministers from both sides tried to reach an agreement on how, and whether, a missile defense system in Europe should be deployed. On Nov. 20, President Vladimir Putin publicly complained about the lack of a U.S. response.

On the table, has been the proposal made by Putin personally to President Bush at Kennebunkport last June, for Russian-American cooperation on missile defense, as a move toward a strategic partnership. The proposal was hailed by SDI author Lyndon LaRouche as a potentially major breakthrough.

AP reports that the U.S. offer includes: integrating U.S., Russian, and NATO missile defense systems to expand protection of both Russia and the West (which has been stressed by NATO members), allowing Russian experts to make regular inspections of the U.S. missile-interceptor site in Poland, which, U.S. officials emphasized, is contingent on approval from Poland (which is by no means assured); and, delaying the activation of the U.S. missile interceptors until it is clear that Iran can reach Europe with ballistic missiles (which evaluation, the Russians have insisted upon).

AP reports that Russian officials have reacted positively to the proposal of delaying activation of the interceptors. But Russian negotiators insist that the offer include a binding treaty that would detail specific terms for activation, said a Russian official, and the United States would likely object to such a demand.

### Schwarzenegger Announces 'Freeze' on Some Interest Hikes

Nov. 21 (EIRNS)—In a move that surprised some observers, George Shultz's Golem, California Gov. Arnold Schwarzenegger, announced Nov. 20 that he has reached a voluntary agreement with four leading mortgage lenders to

freeze adjustable interest rates for high-risk borrowers. Schwarzenegger identified GMAC Mortgage, Countrywide Financial, Litton Loan Servicing, and HomeEq Servicing as participants in the agreement, which he claimed would cover 25% of homeowners threatened with foreclosure. However, this agreement would exclude any homeowner who has already missed a payment. There have already been 52,560 home foreclosures in California from January through September of this year, according to DataQuick.

The *Sacramento Bee* reports that Schwarzenegger's deal is modelled on a proposal made by FDIC chairman Sheila Blair that asks lenders to freeze rates of those with "teaser" loans set to increase monthly costs. While some advocates for homeowners are praising this action, Lyndon LaRouche has emphasized that any effort to stop foreclosures which does not address the reverse-leveraged chain-reaction collapse of the banking system, already underway, is doomed to fail. LaRouche's Homeowners and Bank Protection Act (HBPA) was drafted to put up a firewall, to protect state and federally chartered banks from such a collapse.

One economist contacted by *EIR* was quite skeptical of the Schwarzenegger plan, pointing out that many banks and lending agencies have already pledged the increased income expected from higher interest rates, to cover their own increased borrowing. A freeze, he said, which doesn't take this into account, could lead to a chain-reaction collapse of mortgage-backed securities, which would have "a dramatic effect on the nation's investors, especially pension funds," which were sold these and related financial packages.

Schwarzenegger's proposal appears to be a time-buying gimmick at best, but one crafted to enhance his appeal as a "man of the people."

## **Rudy Giuliani's Dope Lobby**

Nov. 21 (EIRNS)—Purdue Frederick Co. (also known as Purdue Pharma) pleaded guilty on May 10, 2007, to Federal charges of misrepresenting the addictive nature of its narcotic, Oxycontin. Abuse of the drug has led to many deaths, and many crimes by desperate addicts. The company and three of its top executives were ordered to pay a total of \$634,515,475 in fines. Evidence presented at the trial showed that the company's own internal research reports warned about the "abuse potential," but the firm attempted to play down or cover up the problem.

In May 2002, when the Drug Enforcement Administration (DEA) and the Food and Drug Administration began probing overdose deaths attributed to Oxycontin, Purdue hired Giuliani Partners, the private lobbying firm of former New York Mayor Rudy Giuliani, to run interference on the matter. At that time, Giuliani publicly praised the firm, saying "Purdue has demonstrated its commitment to fighting this problem" of Oxycontin abuse.

Giuliani met numerous times with DEA officials, including administrator Asa Hutchinson, raised thousands of dollars for a new DEA Museum, and posed for photographs with Hutchinson and others at the museum's ribbon-cutting ceremony. According to the 2006 book *Grand Illusion: The Untold Story of Rudy Giuliani and 9/11*, by Wayne Barrett and Dan Collins, Giuliani also got himself appointed to a DEA panel which decided whether to allow only physicians specializing in pain control to prescribe Oxycontin; the panel decided in favor of Giuliani's client, *not* to restrict the drug.

Giuliani's partner, former New York Police Commissioner Bernard Kerik, also met with Hutchinson while lobbying for Oxycontin. Kerik was assigned to security for Oxycontin manufacturing, as Federal investigators found Purdue was not following record-keeping laws designed to prevent leakage of the drug to dope traffickers. Kerik left Giuliani Partners in 2005 when he came under criminal investigation, and was indicted Nov. 8, 2007 on Federal charges of tax fraud, obstruction of justice, and lying to government officials checking his background.

In addition to lobbying for Purdue Pharma, Giuliani also became the firm's chief attorney and spokesman: He was hired by

Purdue's Bush-connected Texas law firm, Bracewell and Patterson, which changed its name to Bracewell and Giuliani. Giuliani led Purdue's negotiations with Federal prosecutors, resulting in a plea bargain and fines.

## **McClellan: Cheney and Bush Made Me Lie**

Nov. 20 (EIRNS)—In a forthcoming book, *What Happened*, former White House press secretary Scott McClellan admits that he "unknowingly passed on false information" to the press after being given false information by President Bush, Vice President Cheney, and other top White House officials.

After it was reported, in late September 2003, that the CIA had referred the matter of the leak of Valerie Plame Wilson's CIA identity to the Justice Department, McClellan repeatedly declared to reporters that no one in the White House, and in particular neither Karl Rove nor Scooter Libby, had been involved in the Plame leak. Further, McClellan pledged that if anyone had been involved in the leak, the President would fire them. Of course, it later turned out that the entire campaign to smear Plame's husband, former Amb. Joe Wilson, a critic of the Administration's Iraq War policy, had been orchestrated out of Cheney's office.

Now, in *What Happened*, to be published in April 2008, McClellan writes:

"The most powerful leader in the world had called upon me to speak on his behalf and help restore credibility he lost amid the failure to find weapons of mass destruction in Iraq. So I stood at the White House briefing room podium in front of the glare of the klieg lights for the better part of two weeks and publicly exonerated two of the senior-most aides in the White House: Karl Rove and Scooter Libby.

"There was one problem. It was not true.

"I had unknowingly passed along false information. And five of the highest ranking officials in the administration were involved in my doing so: Rove, Libby, the Vice President, the President's chief of staff, and the President himself."

This excerpt from McClellan's book has just been posted on the publisher's website, and given wide coverage in the news media.

## **Ibero-American News Digest**

### **LaRouche Warns vs. 'Reckless' Cheering for Dollar Collapse**

Nov. 19 (EIRNS)—The call by Venezuelan and Iranian Presidents Hugo Chávez and Mahmoud Ahmadinejad for OPEC countries to break with the dollar, ignores reality: The world is not facing a *dollar* collapse, but a collapse of the system as a whole, Lyndon LaRouche warned today. The entire system is going down—theirs included! A common problem, requires a common solution, rather than political exploitation of the dollar problem. Either you propose a workable replacement for the collapsed system, or you are being "reckless," he said.

Chávez was on a manic macho binge at the OPEC meeting, and in his subsequent visit to Iran, praising God that "the value of the dollar on the global market is declining, and we will witness the fall of the dollar in the future." In his ideological fit, he celebrated the fall of the dollar as "the fall of the U.S. empire," suggesting that the euro could somehow survive the global disintegration which the collapse of the dollar system would produce, should no alternative *system* be established.

Even Ecuador's President Rafael Correa, who has a far more realistic understanding of economics than Chávez, was sucked into this frenzy at the OPEC meeting, where he threw his support behind the idea that de-pegging oil prices from the dollar somehow represents a solution.

LaRouche, who since 1994 has been organizing for a New Bretton Woods agreement to replace the doomed floating-exchange-rate system, with a fixed-rate, physical economy-based monetary system, pointed out today that the primary center of the crisis, in fact, is the Bank of England, and people ought to talk about *that*, if solutions are to be found. If you're not talking about Britain's Royal Bank of Scotland and its Spanish associates, Santander Bank and BBVA, you're not talking about the problem, LaRouche said.

### **Brazilian General: Nuclear Weapons Not Ruled Out**

Nov. 17 (EIRNS)—Brazilian Gen. José Benedito de Barros Moreira, the Defense Ministry's Secretary of Policy, Strategy and International Relations, set off a ruckus on Nov. 13, when he declared during a television panel discussion, that Brazil should develop the technology necessary to build a nuclear bomb. Brazil's rich water, food, and energy make it a target of others' greed, he said, and it is therefore necessary to place a strong lock on our door.

"We have to have the possibility in the future of developing a nuclear weapon, if this is the state's view. We cannot stay outside the reality of this world." Pressed by his shocked fellow panelists—no one in Brazilian officialdom has made such a statement in years—he argued that Brazil could pull out of the Nuclear Non-Proliferation Treaty if a neighboring country built a bomb, or "when the state feels threatened." The world is an ever more dangerous and unpredictable place, he argued. "No nation can feel secure if it does not develop the technology which empowers it to defend itself when necessary."

Defense Minister Nelson Jobim told an international security conference two days later that Brazil's plans "aren't for a nuclear bomb, that's just nonsense." Jobim did say, that Brazil's giant new oil find—an estimated 5 to 8 billion barrels of oil in the deep-sea Tupi field—demonstrated the necessity of completing Brazil's project to build a nuclear submarine.

### **LYM to Mexican Rally: 'It's Infrastructure, Stupid!'**

MEXICO CITY, Nov. 19 (EIRNS)—LaRouche Youth Movement organizers introduced the much-needed concept of dynamic physical economy to a rally of some 100,000 people, organized by opposition leader Andrés Manuel López Obrador in this city's central plaza, the Zocalo, on Nov. 18. LYM organizers distributed 6,000 leaflets entitled, "On the Tragedy in Tabasco: It's Infrastructure, Stupid!" with a giant banner with the same message. The leaflet addressed the lessons of the devastating flooding of the southern state of Tabasco: that Mexico must return to a policy of building big projects, to defend the general welfare, as part of a global change in economic system (see EIR Online #46 for text), with the news included that the state of Sonora is putting itself on a war footing, around the North West Water Plan (PLHINO) project, for exactly this needed policy.

Addressing the rally, López Obrador identified two key upcoming battles: 1) the triple-whammy that will turn next January into a "black month" for Mexicans: new taxes on gasoline and on business hit, at the same time that the next phase of NAFTA ends all protection from imports of beans and corn; and 2) the IMF-run Calderón government's plans to move on privatizing Mexico's electricity and oil sector.

Mexico's state oil sector has been looted for 25 years, with no investment in exploration, modernization, refineries, or petrochemicals, he pointed out. No refinery has been built for 25 years, with the result that oil-producing Mexico today imports 25% of the natural gas and 40% of the gasoline it consumes. With the \$10 billion that Mexico will spend this year on gasoline imports, it could build the three refineries required for Mexico to be self-sufficient in that fuel, he said. "Let us

make Mexico an energy power," he declared, and use Mexico's oil to develop the country.

But when it comes to proposing how to do it, López Obrador falls off the cliff. He announced that his movement's "alternative program" for modernizing Mexico's oil industry is to cut the budget, by such gimmicks as reducing the salaries of high government officials, and eliminating the pensions of ex-Presidents.

## **Brazil, Argentina To Cooperate on Aerospace, Nuclear Energy**

Nov. 24 (EIRNS)—During their Nov. 19 meeting in Brasilia, Brazilian President Lula da Silva and Argentina's President-elect Sen. Cristina Fernández de Kirchner, signed agreements to cooperate in the areas of aerospace and nuclear energy, and created a bilateral commission charged with strengthening relations between the two nations in many other areas.

On Nov. 19, a delegation led by the head of Argentina's National Space Activities Commission (CONAE), met with the Brazilian delegation led by interim head of the Brazilian Space Agency (AEB) in São Jose dos Campos, where they agreed to propose a joint space project, which will include the design, production, and launching of an Earth-observation satellite with advanced technologies. This will be the first satellite the two nations have produced together.

According to a Nov. 20 release issued by Brazil's foreign ministry, the mission's main goals will be to provide global information on the optical properties of the oceans, with applications in the areas of oceanography and climatology, and monitoring of natural resources.

What is exciting about the project—and viewed as a huge threat by the anti-science Anglo-Dutch financial oligarchy—is the fact that the satellite's optical sensor is technologically very innovative. As specified, it will have the ability to select between 15 and 25 bands within the visible and infrared spectrum. "Such technologies will contribute to Argentina's and Brazil's technological independence in the area of space-quality sensors, access to which on the international market is subject to restrictions," the foreign ministry stated.

Speaking Nov. 21 in Rio de Janeiro, Othon Luiz Pinheiro da Silva, the president of Brazil's state-run Eletronuclear, pointed to the benefits for both nations of cooperation in nuclear energy as well. Reporting that technical cooperation already exists with Argentina, Pinheiro da Silva said there are plans to upgrade this cooperation to a full-fledged accord by early next year.

## **Bilateral Cooperation Follows Correa Visit to China**

Nov. 24 (EIRNS)—Ecuadorian President Rafael Correa proposed that China and Ecuador establish a strategic alliance, centered upon Chinese investment in Ecuador's oil industry and infrastructure, during a week-long visit to China which concluded today. Correa proposed that Ecuador should become China's main entry port for all of South America, using in particular Manta, the country's largest fishing port on the Pacific, and the development of the Manta-Manaus sea/road/river bi-oceanic corridor which Brazil and Ecuador agreed to work on as a priority last August.

Ecuador is engaged in reversing the reversion to raw materials producer status which the long night of neoliberalism imposed on the country, Correa told the Economic-Trade Cooperation Forum in Beijing on Nov. 21. Foreign investment is needed and welcome to aid our industrialization and scientific and technological development, and the improvement of our roads, ports, and airports, as long as that investment follows Ecuador's laws, pays taxes, and meets labor, social, and environmental conditions, he said.

"It is time that China and Latin America get closer," he said, in a meeting with the President of China's Popular Assembly,

Wu Bangui. The region looked to Europe in the 19th Century; to the United States in the 20th Century; and in the 21st Century, we want to look to our west, where China lies."

Fourteen agreements and preliminary agreements were signed, on technical and economic cooperation in areas as hydrocarbons and other energy sectors, mining, railroads, agriculture, fishing, and tourism. Among the agreements, was the extension of a \$200 million loan from the Chinese Development Bank, with concessional conditions.

## **Western European News Digest**

### **Powerful Strike Wave Sweeps Europe**

Nov. 20 (EIRNS)—Railway strikers in France were joined by several million public sector workers and students today, at the same time that the ongoing railway strike in Germany was temporarily suspended for talks with the railway management. And in Finland, the government was forced to back down on nurses' wage demands.

The French public-sector strike involves workers in the education, postal, telecommunications, hospital, energy, and air-traffic control sectors, plus defense industry, revenue administration, social security, and other administrative sectors. The French LaRouche Youth Movement (LYM) is continuing its intervention into that mass ferment, with a new leaflet written by Solidarity and Progress leader Jacques Cheminade, to uplift the mobilization toward a New Bretton Woods solution against austerity and economic-financial collapse.

In Germany, rail engineers got crucial backing from the Federal Labor Court, which yesterday overturned an earlier ruling by that same court that banned railway strikes on grounds that they would affect national security. The case is now transferred to the court in Frankfurt, where a pro-labor ruling is expected. The German LYM is intervening with a statement authored by BüSo (Civil Rights Solidarity Movement) national chairwoman Helga Zepp-LaRouche, calling on the labor unions to make the step towards a broad debate on "firewall" legislation, such as Lyndon LaRouche's "Homeowners and Bank Protection Act" in the United States.

In Finland, the weeks-long strike by nurses has resulted in a partial victory, as the government backed down on wage demands. The strike peaked over the past few days, as the government hardliners had recruited a majority in parliament to vote a new law that would authorize the government to declare the strike illegal. The TEHY hospital union had threatened to cancel contracts for all 13,000 nurses yesterday, to create the ultimate pressure in this showdown. However, broad sympathy in the population, and sympathy strikes in other labor unions, developed over the past few days, so that apparently the government decided to grant concessions to the nurses, and quickly bring the matter to an end.

### **As Markets Plunge, Danes Think of LaRouche Candidates**

COPENHAGEN, Nov. 22 (EIRNS)—A more sober mood is settling over the Danish financial markets and the press, after the recent months of denial of the global financial breakdown crises. In the recent national election, LaRouche-allied candidates ran under the slogan "After the financial crash: Maglev over the Kattegat," and they were often asked, "What financial crash?"

On Nov. 22, the home page of Borsen's Internet site showed a photo of the Danish parliament, with LaRouche candidate Tom Gillesberg's election poster from the recent election prominently in front. The picture accompanies an article on candidates not getting elected to parliament, but still getting millions of crowns in financial support from the state (<http://borsen.dk/politik/nyhed/120947/>). Gillesberg is not getting any of this money, but there is obviously good reason for publishing his poster anyway: Everybody is thinking of his prophetic warnings of the impending financial crash in the

recent election campaign as the financial crises deepens, and as top Danish stocks have lost 15% of their value over the last five weeks.

## **New Polish Government May Ditch Missile Defense**

Nov. 19 (EIRNS)—Bogdan Klich, defense minister for the Polish government that took office on Nov. 16, says that he wants to ensure that Poland's participation in the U.S. ballistic missile defense program is in his country's interest. Part of the anxiety in Poland, the *Canadian Press* reports, is that allowing ten missile interceptors to be placed in Poland could "further strain its already shaky ties with Moscow." The previous Polish government made public that its interest in the missiles was to counter a "threat" from Moscow, not Iran. The new government, Klich said in an interview with the newspaper *Dziennik*, will "weigh the benefits and costs for this project, for Poland."

## **Italy: Berlusconi Launches New Jacobin Party**

Nov. 19 (EIRNS)—Former Italian Prime Minister and media magnate Silvio Berlusconi announced that he is dissolving his current party, Forza Italia, and founding a new one, which he will call either "Popular Party of Freedom," or "Party of Freedom."

Berlusconi's announcement comes in the context of a campaign to replace the current political class, initiated months ago by pro-British oligarchical centers, which have fed a populist, Mussolini-style "anti-political" mood in the population. The leader of this campaign has been business leader Luca Cordero di Montezemolo. Berlusconi is now offering the "right-wing" alternative to Montezemolo. Berlusconi said that he will build his new party with young people and that the "Parrucconi" ("old fogeys") should stay home.

## **EU Announces Funds for Transport Projects**

Nov. 22 (EIRNS)—European Commissioner for Transport Jacques Barrot announced in Brussels yesterday that, for the five-year period from 2008 to 2013, his department will fund 29 projects, either in whole or in part, which are located in Germany. The list includes the extension of the high-speed rail track from Paris to Stuttgart, to Vienna and Bratislava; the EU co-funding would amount to 338 million euros.

The biggest-single project among the 29 mentioned, will be the upgrading of rail transport infrastructure on the route Berlin-Palermo via Erfurt, Nuremberg, and on through the Austrian Brenner Tunnel to northern Italy. To this, the EU will contribute 960 million euros. Also the Danish part of the Fehmarn Belt Bridge will be funded, with 374 million euros, but no funding has been provided for the German part. Nor was co-funding granted for the Munich Transrapid maglev project; apparently the German government has not even asked for that.

The plan for the European Transport Network, of which these projects are a part, has been an integral part of the much more ambitious Productive Triangle/Eurasian Land-Bridge drive by the LaRouche movement since 1989. The LaRouche plan, however, called for using magnetically levitated trains, a technology only now being picked up on in discussions in Denmark and Munich.

## **Germany's Merkel and Italy's Prodi: No to Tony Blair!**

Nov. 21 (EIRNS)—German Chancellor Angela Merkel and Italian Premier Romano Prodi do not want Tony Blair to become "European chairman" next year. Italian media report that the two heads of government agreed on this in the Italian-German bilateral meeting yesterday near Berlin. Blair's candidacy had been pushed, especially, by France's Nicolas

Sarkozy.

The Italian-German meeting has apparently brought the two countries closer, as they agreed also on Kosovo and Afghanistan policies. Both countries are against the unilateral independence of Kosovo.

## **Sabotage Against France's High-Speed Tracks**

Nov. 21 (EIRNS)—All four of France's TGV high-speed railroads were found to have been sabotaged around dawn this morning. Signal boxes and cables had been burned to prevent TGV traffic.

This coordinated action happened on the eighth day of railway workers strikes against President Nicolas Sarkozy's gutting of government pensions. Trade union leaders condemned the action as harmful to their cause, and the main railroad union leader asked, "Who has an interest in such actions?"

This was a coordinated operation, as it was carried out simultaneously at four sites around the country between 6:00 and 6:20 a.m. Because the sabotage tends to discredit strikers, just as negotiations between the government and unions started today, the first suspicions are aimed at a set-up/police operation. Other suspects include extreme left provocateurs, who were already warmed up last Spring during Sarkozy's election campaign. Some serious people tend to consider these two possibilities as one.

## **Vatican Issues 'Mea Culpa' on Spanish Civil War**

Nov. 20 (EIRNS)—For the first time, the Roman Catholic Church has officially admitted "mistakes" made during the Spanish Civil war, referring to its support given to Generalissimo Francisco Franco's fascist insurgency. "We too, must ask forgiveness for the mistakes made in that decade," said Bishop Ricardo Blazquez, chairman of the Spanish Bishops' Conference, during a speech in Madrid yesterday.

The historical "mea culpa" of the Catholic Church is in line with the critical review, undertaken by Pope John Paul II, of the history of the Church under the Inquisition.

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

### **Putin Hits NATO, U.S. Stonewalling on Missile-Defense Cooperation**

Nov. 21 (EIRNS)—Russian President Vladimir Putin yesterday took the occasion of his annual meeting with the top officers of the Russian Armed Forces, to criticize current NATO behavior in the vicinity of Russia's borders. He also expressed regret at the absence of an adequate response from the United States to his ground-breaking proposal for cooperation between the two biggest nuclear powers on anti-missile defense.

Putin said that the unstable situation in many regions of the world and the simmering of "hot spots near Russia's borders" leave no choice, but to build up all areas of defense. "We see that, in violation of agreements reached earlier, members of NATO are building up their military assets. At the same time, Russia's proposals, such as for creation of a unified anti-missile defense system with equal—I want to stress that—equal access for all participants to manage it, remain, unfortunately, without an answer. Of course, we cannot allow ourselves to be indifferent to obvious muscle-pumping."

In October, U.S. Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates reportedly made verbal

proposals to further the missile defense cooperation agenda, but Russian Foreign Ministry officials have stressed that no formal, written response followed.

Putin said that Russia's formal halt to its adherence to the Conventional Forces in Europe Treaty (CFE), which NATO-member signers have not ratified, was "a forced and necessary measure" in this situation, since "we are not going to adhere to anything unilaterally."

The Russian President went on to say that "one of the most important tasks" is the ongoing program to upgrade Russia's strategic nuclear forces. "They should be able," said Putin, "to inflict a rapid and adequate response to any aggressor."

In a parliamentary election campaign speech today in Moscow, Putin struck a similar tone. He accused foreign interests of attempting to destabilize Russia during the run-up to the State Duma elections, which will take place Dec. 2, by backing opposition parties. Putin is heading the candidates slate of the United Russia party.

## **U.S. Sends Written Missile Policy to Russia**

Nov. 22 (EIRNS)—Reports from Moscow today indicate that the United States *did* submit a formal proposal to Russia for cooperation on ballistic missile defense. This followed public complaints by Foreign Minister Sergei Lavrov and President Putin, that no written proposal had been received, weeks after the 2+2 meeting of foreign and defense ministers from both sides in October.

On the table, has been the proposal made by Putin personally to President Bush at Kennebunkport last June, where the Russian President called for Russian-American cooperation on missile defense, as a move toward a strategic partnership. The proposal was hailed by SDI author Lyndon LaRouche as a potentially major breakthrough. According to AP, the now submitted proposal will be discussed when Secretary of State Condoleezza Rice and Lavrov meet ahead of the Middle East peace talks in Annapolis, Md. on Nov. 26. The documents deal with U.S. plans to install a radar in the Czech Republic and missile interceptors in Poland, and Russian plans to suspend participation in the Conventional Forces in Europe Treaty, or CFE.

## **Russia Plans for 50 Years of Nuclear Energy Development**

Nov. 17 (EIRNS)—"Economic growth in Russia has been accelerating since 2000. There has been a sharp increase in electricity growth, exceeding projections by twice. By 2030, we will be short of oil, and such plants in Russia are very old. Russia will create an energy 'kernel,' which will be nuclear-based." Thus Dr. Alexander Chebeskov, from the Institute for Physics and Power Engineering in Obninsk, laid out for members of the American Nuclear Society, Russia's plans for nuclear development for the next 50 years, at a Nov. 14 meeting.

Russia's nuclear "kernel" will be based on the accelerated deployment of its upgraded VVER boiling water reactor designs, large-scale deployment of fast breeder reactors, the closing of the nuclear fuel cycle through the reprocessing of spent fuel, and the development of innovative technologies. The goal is to move from today's 23.3 gigawatts of installed nuclear capacity, to about 60 GW by 2030, constituting about 25% of Russia's electricity requirement. By mid-century, the goal is to have 100 GW of nuclear capacity, with fast breeder reactors constituting at least 60% of the total.

Dr. Chebeskov showed photos of the construction of the liquid-sodium cooled BN-800 breeder, which is scheduled to come on line by 2012. The breeders used mixed-oxide (MOX) fuel, produced through the reprocessing of light water reactor spent fuel, which has been taboo in the U.S. for the past 30 years, since it uses plutonium. Under development is the larger BN-1800 reactor, which will have a higher breeding ratio, producing 1.23 times the amount of fuel it uses. While

the breeders are being deployed, research and development at Russia's nuclear institutes will lead to designs that will enable the use of large reserves of non-fissile, natural uranium-238, and thorium. Dr. Chebeskov explained that even full reprocessing alone will not be adequate to provide the fuel for Russia's ambitious nuclear plan.

## **Eastern Space Center To Be Built in Development Corridor**

Nov. 25 (EIRNS)—Russian Space Agency chief Anatoli Perminov, Amur Region Governor Nikolai Kolesov, and the new Presidential Representative to the Far East Federal District Oleg Safonov each stated earlier this month, that the decision has been taken to build a new space launch site in Russia's Far East, utilizing the facilities of the Svobodny military launch site that was mothballed earlier this year. The adjacent military town of Ulegorsk will also be preserved, along with at least some of its skilled manpower. According to Perminov, the new center will be called Cosmodrome Vostochny (meaning "Eastern"). While the Plesetsk launch site in Russia's Far North will continue as a military facility, Cosmodrome Vostochny is destined to function side-by-side with the Baikonur Cosmodrome, currently leased by Russia from Kazakstan, as a second civilian space launch center.

Moscow sources familiar with the project said that President Vladimir Putin has already signed a decree on Cosmodrome Vostochny. Perminov said Nov. 14, that the project will be fleshed out during 2008. Kolesov, who has campaigned heavily for the Svobodny site since taking office last June, was quoted in the *Amurskaya Pravda* newspaper, as saying that 160 billion rubles (about \$6.5 billion) of federal funding will be allocated for the cosmodrome.

Another active campaigner for the project, Development Movement founder Yuri Krupnov, has begun pushing for Cosmodrome Vostochny to serve as an anchor for a new development corridor in the region, extending eastward to the cities of Khabarovsk and Komsomolsk-on-Amur, and thence across a bridge or tunnel link to Sakhalin Island and Hokkaido, Japan. This Eastern Development Corridor is the subject of a lengthy article by Krupnov, appearing Nov. 23 on the KM.ru website. Krupnov's earlier summary of the Svobodny (Vostochny) Cosmodrome project, including the Eastern Development Corridor, was presented to the September 2007 conference of the Schiller Institute in Kiedrich, Germany, and was published in *EIR* of Sept. 28, 2007.

The construction of an infrastructure link between Sakhalin and the mainland was also the subject of a Nov. 21 conference held on Sakhalin Island. First Vice-Governor Konstantin Stroganov of the Sakhalin Region opened the event—titled "Projects as the Basis for a Sakhalin Breakthrough: From Initiatives for Survival, to Programs for Development"—and called it a "brainstorming session" for the government officials, local activists, scientists, and businessmen who took part.

Prof. Yuri Gromyko, director of the Institute for Advanced Studies, keyed the Sakhalin conference. He argued that the future of Sakhalin is linked not only, and not primarily, with the oil and gas industries that are currently the engine of the island's economy, but rather with "demonstration of the necessity of building a transcontinental bridge, which will connect Sakhalin, [Japan's northern island] Hokkaido, and the mainland." His remarks were quoted in a Regnum.ru dispatch about the conference. "If these plans are implemented in the context of bringing in new technologies," Gromyko said, "it will become possible to raise the quality and standard of living to the level of countries in Western Europe."

## **Southwest Asia News Digest**

### **Only Cheney Impeachment Can Stop War Against Iran**

Nov. 19 (EIRNS)—The collective judgment of knowledgeable professionals, including Lyndon LaRouche, military-intelligence officers, and as expressed in Rep. Dennis Kucinich's impeachment resolution, now before the House Judiciary Committee, is that, without the immediate initiation of impeachment proceedings against Vice President Dick Cheney, war

against Iran is virtually inevitable in the very near future.

"Riyadh Worried About an American Attack Against Iran," was the title of a half-page article in the French paper *Le Figaro* on Nov. 15. The article had the following kicker: "Fearing retaliation from Tehran on its oil installations, Saudi Arabia has made a rapprochement towards Moscow, which the Iranians listen to in this nuclear crisis." Such a shocking statement underscores the hair-trigger nature of the situation.

U.S. military experts, polled by *EIR*, have told Members of Congress, in private discussions, that there is no time to stop a bombing of Iran, once President Bush gives the order. According to one source, the Eighth Air Force, assigned to the Strategic Command (STRATCOM), has a detailed, updated bombing plan ready to go, as part of former Defense Secretary Donald Rumsfeld's "Global Strike" doctrine. An initial bombing run would not necessarily involve assets of the Central Command, but merely strategic bombers from STRATCOM. Most Americans—including Congressmen—could wake up one morning to find that war against Iran had already begun.

It is no secret that the U.S. military, especially outside the Air Force, has no desire to go to war against Tehran. The horror which such an attack would set off has been the subject of many forums on Capitol Hill, as well as elsewhere.

But it undoubtedly came as a shock to many when Adm. William Fallon, head of the Central Command, gave an interview to the *Financial Times*, published Nov. 12, in which he categorically rejected the idea of an American preventive attack on Iran. Admitting that dealing with Iran was "a challenge," he nevertheless declared that a U.S. attack was not "in the offing." Fallon told the reporters, "None of this is helped by the continuing stories that just keep going around and around and around that any day now there will be another war, which is just not where we want to go. Getting Iranian behavior to change and finding ways to get them to come to their senses and do that is the real objective. Attacking them as a means to get to that spot strikes me as being not the first choice in my book."

The CENTCOM chief next implicitly hit at Cheney and at President Bush—who have both threatened Iran and U.S. allies with World War III if Iran gets close to having a nuclear bomb—warning that "generally, the bellicose comments are not particularly helpful." The admiral called on the Iranians to signal their openness to cooperate: "We need to see them do something along the lines of 'we are serious about having a dialogue' and then maybe we can do something."

### **LaRouche: Leave Pakistan Alone; Focus on Israel-Syria Talks**

Nov. 19 (EIRNS)—The U.S. government should drop the Cheneyac pressure on Pakistan—it is only making a mess of the situation, Lyndon LaRouche said Nov. 19.

The only reason for the U.S. pressure on President Pervez Musharraf, LaRouche said, is that Cheney wants a war on Iran, and to leave as his legacy a mess in the whole region.

We should concentrate on making some progress. Allow the Annapolis meeting to develop some daylight, LaRouche said. Frame it on the idea that negotiations between Israel and Syria will go ahead. This will change the whole environment in a way in which the Palestine-Israel issue can be successfully addressed.

Certain people are out to disrupt a pending peace settlement—to stir things up in Lebanon, to stir things up between the Turks and Kurds, and thus make trouble for the U.S. at a time when a peace is possible, LaRouche charged.

Don't be overly concerned about having an agreement in advance of the Annapolis meeting on the final communiqué. The key is to get people there, and get discussion going in the context of understanding that forward movement is possible on

Syria-Israel peace discussions. If you look at the Annapolis meeting in that context, LaRouche said, then you can see the possibility for clearing the deck for negotiations and actual progress.

## **Colin Powell: Iran Is Years Away from a Nuclear Bomb**

Nov. 19 (EIRNS)—"I think Iran is a long way from having anything that could be anything like a nuclear weapon," former Secretary of State Colin Powell declared in his Nov. 18 address to the National Bank of Kuwait's annual international symposium, titled "Opportunity and Crisis in the Middle East."

Powell weighed in against any U.S. military options against Iran, arguing that Iran is not an easy target; that the U.S. has its hands full with Afghanistan, Iraq, and crises such as that in Pakistan; that there is no support for another war among the American people. Were the U.S. to attack Iran, it would be "totally isolated, even as the international community would condemn such an action, while the Iranians will use it to solidify its support within their people," Powell said. We have to be patient, "because there are forces working within Iran, which may bring about positive changes."

More generally, Powell advised, countries of the world, including Kuwait, should take a hard look at infrastructure, health and education systems, and invest in young people. That goes for the United States, too. Powell told the Kuwaitis that he finds it unacceptable that 30% of all American youth today did not complete their high school education.

## **UN Official: Israeli Siege of Gaza Breeds Extremism, Suffering**

Nov. 23 (EIRNS)—John Ging, director of operations for the refugee agency UNRWA in the Gaza Strip, said that "crushing sanctions" imposed since the Israeli cabinet declared the Strip to be a "hostile entity" in September, had contributed to "truly appalling living conditions." In a report in today's London *Independent*, Ging made an unusual appeal to the British Parliament's Britain-Palestine Group, to use its influence to try to alleviate the impact of "indiscriminate" and "illegal" Israeli sanctions in Gaza which display "profound inhumanity" and are "serving the agenda of extremists."

He reported that Israeli cuts in fuel and planned cuts in electricity, which will begin on Dec. 1 according to today's *Ha'aretz*, along with closures which have had "an atrocious" impact on Palestinian medical care, "destroyed" Gaza's economy, and threaten "Third World" water and sanitation conditions. "This presupposes that the civilian population are somehow more capable of stopping the rocket fire than the powerful military of the occupying power. My message ... is that not only are these sanctions not working, but because of their profound inhumanity, they are counterproductive to their stated purpose, and while Gaza is not yet an entity populated by people hostile to their neighbour, it inevitably will be if the current approach of collective punitive sanctions continues." Ging said that over the past two years, "every hopeful opportunity has been irrationally dashed and followed by even worse circumstances."

Ging said that 649 Palestinians have been killed this year, including 63 children. The figure includes more than 330 killed in internal fighting. He added that UNRWA was unable to provide more than 61% of the necessary calories to refugees. "At present, we do not have sufficient funding to provide just one high nutrient biscuit to 200,000 children in UN schools." Ging added that the "human suffering and misery for the entire civilian population in Gaza was creating fertile ground for the extremists."

## **Israeli Leader Says Ceasefire with Hamas Is Needed**

Nov. 24 (EIRNS)—Yossi Beilin, the head of Israel's Meretz-Yachad Party, said, in a *Washington Post* op-ed Nov. 23, that Israel must start serious negotiations with Hamas. In his column called, "Needed: A Cease-Fire With Hamas, Now," Beilin writes, "Given that the current policy of containment has not quelled the violence across its border, Israel should opt for

another way. The only option that I see serving the cause of peace is to enter into a dialogue with Hamas through a third party in order to reach a cease-fire. Such an agreement would include the total cessation of mutual violence; arrangements at the border to allow goods and services to pass in and out of the Gaza Strip; the release of Palestinian prisoners in exchange for the release of Gilad Shalit, the Israeli soldier abducted in June 2006; and a commitment by Hamas to prevent all attempts to undermine next week's meeting in Annapolis and the resulting process."

In 2006, immediately after the Israeli attack on Lebanon, which showed the ineffectiveness of Israel against asymmetrical warfare, Beilin called for a "Madrid II" conference that would open new avenues for a universal peace agreement. Lyndon LaRouche gave the Beilin call his full support. On the eve of the Annapolis meeting, which is a far cry from the comprehensive peace conference that Beilin had hoped for, he points out that Hamas is the neighbor of Israel—not Washington, Brussels, or Cairo—and therefore Israel should pursue its own interest in a ceasefire with the Palestinians overall.

## Asia News Digest

### Musharraf Ready To Give Up His Military Uniform

Nov. 23 (EIRNS)—Pakistani President Pervez Musharraf is expected to give up his post as the Chief of the Armed Services (COAS) within a few days, following the validation of the Oct. 6 election by the parliament and the provincial assemblies, which was issued by a ten-member full court of the Supreme Court headed by Chief Justice Abdul Hameed Dogar. The seven-member bench of the Supreme Court also disposed of two identical petitions on Nov. 23 validating the Nov. 3 Proclamation of Emergency, Provisional Constitution Order, and follow-up actions, but directed that the emergency be revoked at the earliest possible time.

The outcome of these two decisions means that Musharraf will be sworn in for his second term as President, and will then give up the COAS post. It is evident that he does not have to lift the state of emergency until the administration considers the internal situation secure. Musharraf has already announced that nationwide general elections will be held on Jan. 8 to constitute the next National Assembly (parliament) with the country under the state of emergency.

In essence, Musharraf has agreed to a number of Western demands—giving up his uniform and holding general elections on the scheduled date. But, he has defied the British and Cheney-led neocon pressures to lift the emergency. Neither Musharraf nor the Pakistani generals believe that free and fair elections can be held without the emergency in place.

This situation is in no way resolved, commented Lyndon LaRouche today, and Musharraf could be the target of an assassination in the context of the continuing targetting of Pakistan. "An assassination of Musharraf is what Cheney's policies of continuing war in the region implies," says LaRouche.

### U.S. Moots Invasion of Pakistan

Nov. 20 (EIRNS)—There is a secret U.S. plan to expand the presence of American military trainers in Pakistan, and directly finance a separate tribal paramilitary force against the militants who are hostile to the U.S., NATO, and Pakistani troops, according to the Nov. 19 *New York Times*. The report says the Pentagon is about to start funding the Frontier Corps (FC) of Pakistan.

Outgoing U.S. Homeland Security Advisor Frances Townsend, in a press conference yesterday, refused twice to rule out a U.S. invasion of Pakistan, including with U.S. ground troops.

Meanwhile, Frederick Kagan of the right-wing American Enterprise Institute, and Michael O'Hanlon of the more liberal Brookings Institution, issued a threat, in a joint article published in the *New York Times* on Nov. 18, that the U.S. simply could not stand by as a nuclear-armed Pakistan descended into the abyss. Nor would it be strategically prudent to withdraw U.S. forces from an improving situation in Iraq, to cope with a deteriorating one in Pakistan, they say.

As of now, Pakistan has refused any American financing of the FC. However, as Pakistani President Pervez Musharraf has become embattled inside his country, following his declaration of a state of emergency on Nov. 3, the Bush Administration has increased pressure on Islamabad to push this through. The planning at the Special Operations Command in the Pentagon intensified after Adm. Eric T. Olson, a member of the elite Navy Seals special forces, who is the new head of the command, met General Musharraf and senior Pakistani military leaders in August, to discuss how the military could increase cooperation in Pakistan's fight against the extremists.

## **Indian Space Program Reaches for Geosynchronous Orbit**

Nov. 20 (EIRNS)—The Indian Space Research Organization (ISRO) reached a significant milestone last week, when it successfully carried out a test of the indigenously developed cryogenic engine at the Liquid Propulsion Systems Centre (LPSC) at Mahendragiri in Tamil Nadu. This liquid-hydrogen upper-stage rocket, the achievement of which was central to the U.S. Apollo Moon landing program, is needed by India to reach geosynchronous orbit in space, explained Indian Space Research Organisation chairman G. Madhavan Nair. "With this successful test, India's GSLV program has become absolutely self-reliant," Nair told PTI over the phone from Thiruvananthapuram on Nov. 16.

India began designing the GSLV, a Delta-II class medium-launch vehicle, with an objective of placing 2.5-metric-ton payloads into geosynchronous orbit, 22,000 miles up. The development and launch of the GSLV rocket was a priority item in the Indian national space program, aimed at creating a dense satellite network to meet the country's requirements for telecommunications, Earth sounding, environmental monitoring, and other systems, as well as India's entrance to the international market of space. With this test, the indigenous Cryogenic Upper Stage has been fully qualified on the ground. Nair said the flight stage is getting ready for use in the next mission of GSLV (GSLV-D3) next year. "Flight stage is already under preparation at Mahendragiri. Things are progressing well," he said.

India has so far depended on Russia to provide cryogenic engines for its GSLV vehicles. LPSC is the lead center for development of the Cryogenic Upper Stage (CUS). The cryogenic engine is required to launch the geosynchronous satellites that are used in communications. This technology has been so far confined to Russia, Europe, and the U.S., which have used it to launch global commercial satellites.

## **Commission Issues Suicidal China-Bashing Report**

Nov. 23 (EIRNS)—The congressionally mandated "U.S.-China Economic and Security Review Commission" issued its 2007 report to the Congress this week, further expanding on the China-bashing tradition which has been its character since its founding in 2000. Even as China has begun to reverse its massive financing of the U.S. debt in response to precisely such threats from the foolish Congress, the 2007 report adds new categories of provocations, as if the Commissioners were intentionally trying to collapse the U.S. economy.

As Lyndon LaRouche warned earlier in the week, speaking about the global systemic crisis and the dollar collapse: "If you want to look for a cause, the Senate should look at the way it showed contempt for China." That didn't cause the crisis, but it precipitated the crisis. The Senate showed imperial contempt for China, LaRouche said, and the Chinese retaliated, as they had warned the Senate, through LaRouche, that they would do. This is what is behind the large-scale Chinese sell-off of dollar holdings now ongoing. This new Review Commission report is more of the same insanity.

On economic matters, the report accuses China of "violating WTO rules or free market principles" by maintaining "extensive government subsidies it provides to favored industries.... Worse still, China formally has adopted a policy of retaining large amounts of the economy ... under direct government ownership and control."

Chinese refusal to let the yuan rise without restraint against the collapsing dollar, is denounced by the commissioners as "an illegal export subsidy," recommending that the Congress enact legislation to that effect, imposing "penalty tariffs."

Acknowledging that "globalization" has left the U.S. defense establishment dependent on foreign-made goods and materials for its weapons and equipment, which is a "substantial security risk," the report calls on Congress to enact laws banning certain parts and components from China from any use by U.S. contractors and subcontractors.

The report even warns China that it must use "market-based incentives" to discourage the purchase of cars and air conditioners, since they cause pollution.

### **Strategic China-Kazak Nuclear Cooperation**

Nov. 19 (EIRNS)—Eurasian neighbors China and Kazakstan, planning rapid expansion of nuclear energy generation, have concluded a strategic cooperation deal. State-owned Kazak nuclear enterprise Kazatomprom announced last week that China will get a stake in a 2,000-ton-a-year uranium mine in Kazakstan, in exchange for Kazak equity in China's biggest nuclear power enterprises. At a press conference Nov. 12 in Almaty, Kazatomprom President Moukhtar Dzhakishev announced "exclusive" Kazatomprom agreements with China's biggest nuclear producers, Guangdong Nuclear Power Group Co. and China National Nuclear Corp. These companies will set up joint ventures with Kazatomprom to produce uranium, which will be sold to China as nuclear fuel by 2013.

The *Financial Times* today reported more details on the agreement. The paper quoted Dzhakishev saying: "We will swap shares in uranium production for shares in Chinese atomic facilities.... This is the first time China has allowed any foreign company to become a shareholder in its atomic power industry enterprises." He said that the Chinese companies would take a 49% interest in the mine, with Kazakstan retaining the 51% majority stake. Xinhua reported last week that Dzhakishev said that the output of the Kazak mine could even exceed 2,000 metric tons because of rising Chinese demand. Kazakstan is planning to increase annual uranium output from 7,200 tons to 18,300 tons by 2010, which will make Kazakstan the world's biggest producer, Dzhakishev had already announced in Tokyo on April 13. It has the second-largest reserves of the metal, after Australia. Kazatomprom is also researching the potential to produce a new nuclear fuel, based on beryllium and uranium, which would have a longer life than standard uranium fuel.

Dzhakishev also said that China will have to process the Kazak uranium in Kazakstan, and to allow Kazatomprom to use its nuclear fuel assembly facilities. Kazatomprom bought a 10% stake in Westinghouse this year, from Toshiba, in a similar deal.

Also last week, Chinese Vice Premier Wu Yi visited Astana, capital of Kazakstan, to sign a number of economic cooperation and investment agreements, Xinhua reported. This was the fourth meeting of the China-Kazakstan Cooperation Committee, and the two sides proposed cooperation in machinery manufacture, telecommunications, mining, and rail and other transportation. The two sides also signed an agreement to build and operate the China-Kazakstan natural gas pipeline, between the China National Petroleum Cooperation and the Kazakstan National Petroleum and Natural Gas Co.

## **Africa News Digest**

## **Robert Mugabe: British Invasion Foiled**

Nov. 20 (EIRNS)—Following the resurfacing of reports that former British Prime Minister Tony Blair had plans to invade Zimbabwe, that country announced that it had deployed troops to thwart them. It also accused the current Prime Minister, Gordon Brown, of trying to eliminate Zimbabwe's leadership by assassination, according to today's *Daily Telegraph*.

According to an interview published in the Nov. 11 British *Independent* with Gen. Sir Charles Guthrie, who served as British Chief of the Defense Staff between 1997 and 2001, he and Blair had discussed a military intervention against Zimbabwe. Guthrie said that his advice to the former Prime Minister was, "hold hard, you'll make it worse."

Spokesman for President Robert Mugabe, George Charamba, said on Nov. 18, according to the Zimbabwe *Sunday Mail*: "The Government was aware of the plans and the President made reference to the British sinister motives on several occasions. A defense plan ... is still in operation." He added that the British "are still contemplating the elimination of our political leadership through a number of assassinations."

## **Zimbabwe To Take 51% Interest in All Mining Companies.**

Nov. 19 (EIRNS)—Zimbabwe today published a draft bill, the Mines and Minerals Amendment Bill, to indigenize the country's mining sector. When passed, the bill will compel mining companies operating in the country to transfer 25% shareholdings, at no cost, and to sell another 26% to the government, to be paid for with the dividends earned from the state's shares in the companies, according to [metalmarkets.org](http://metalmarkets.org). This would give Zimbabwe majority ownership, leaving foreign investors with a 49% stake. The bill is expected to go before the parliament before the end of the year. According to the bill, the 26% will be purchased by payments over seven years.

The bill stipulates the right of the government to do this "in virtue of its original ownership of all useful minerals in its subsoil."

Last September, a bill forcing foreign-owned companies to sell 51% of their shares to black Zimbabweans was passed by the Zimbabwe parliament. The bill has not yet been enacted.

The mining sector in Zimbabwe is the largest earner of foreign exchange, reportedly accounting for 60%.

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[top of page](#)

[home page](#)