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LaRouche Webcast

LaRouche Presents Program for World Economic Recovery

Lyndon LaRouche delivered this address to an audience in Washington, D.C., Oct. 1, 2008; it was simultaneously carried on the Internet at www.larouchepac.com, the website of the LaRouche Political Action Committee (LPAC). LaRouche's opening remarks were followed by two hours of discussion, moderated by LPAC national spokeswoman, Debra Freeman.

...We have come into times like those you have never, in your lifetimes, experienced before. As a matter of fact, there's nothing in all modern European history, globally extended, to compare with what is happening, globally, and in the United States as well, right now. There's been nothing like the crisis that faces us today, since a comparable crisis in Europe during the medieval period, called the New Dark Ages: We are on the verge of a complete collapse of the entire planet into a New Dark Age...

In-Depth articles from EIR, *Vol. 35, No. 40*

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Webcast

- **LaRouche Presents Program for World Economic Recovery**
  Speaking from Washington, D.C., in an Oct. 1 webcast, Lyndon LaRouche said that the world is entering into a period of danger comparable only to the collapse into the 14th-Century New Dark Age in Europe. He pointed out that on July 25, 2007, he had said that we were at the beginning of this collapse and disintegration of the entire international monetary-financial system, and had advanced proposals for dealing with the crisis, but these plans were not implemented. The attempted bailout of the already dead monetary system, which is now being forced on the country, will lead to hyperinflation. While there are no remedies for Wall Street, he stated, there are remedies for the nation, if we go back to what he proposed a year ago. He further warned that the White House has troops in position, ready to crush any opposition to the hyperinflationary bailout of Wall Street.

National

- **Bush Calls Out the Army To Enforce the Bailout**
  During his Oct. 1 webcast, Lyndon LaRouche said that there is a clear indication that 'a desperate Bush Administration, and what it's tied to internationally,' is prepared to turn the U.S. military against the American people, to force through the Paulson plan and future bailout plans.

Economics

- **Franklin Said: 'A Republic, if You Can Keep It'; *We Didn't***
  The bailout bill passed by Congress will give billions of dollars—and eventually trillions of dollars—to the same global financial networks which have destroyed the industrial and productive capacity of the U.S. economy.
- **'No Time' for EU Commission:**
  Sovereign Governments Are the Order of the Day
  Helga Zepp-LaRouche writes that the European Union bureaucracy was designed to eliminate the sovereignty of European nations, but under the present conditions of collapse, national interests are coming to the fore.
  - **Italy:**
    Bretton Woods Fight Centers on LaRouche
- **It's Time for New Pecora Hearings**
  Lyndon LaRouche heartily endorsed House Resolution 1452, 'Establishing the Select Committee on Financial Bailouts.' LaRouche dubbed the committee a new 'Pecora Commission,' after that mandated in March 1932, to investigate the causes of the 1929 financial crash.
- **Business Briefs**

International

- **LaRouche to Washington Diplomats:**
  A Four-Power Agreement To Save the World from Hell
  Lyndon LaRouche addressed a group of foreign diplomats on Oct. 2, and emphasized the special importance of developing U.S.-Russian cooperation for the establishment of a new international credit system, modeled on Franklin D. Roosevelt's original 1944 Bretton Woods System of fixed exchange rates.
  - **Russian Policymakers:**
    LaRouche Was Right
- **U.S.-Backed Change in Pakistani Intelligence:**
  A Positive Step
- **There Will Be No Development in Africa Without a Strong Government Role**
  An interview with **Prof. Sam Aluko**.
- **International Intelligence**

Interviews

- **Prof. Sam Aluko**
  Professor Aluko of Nigeria is a retired economics professor who taught at several universities, and subsequently became chairman of the Nigerian Economic Intelligence Committee (1994-99), which advised the government.

Editorial

- **After 20 Years, a New Opportunity**

U.S. Economic/Financial News

- British Empire Dictates Next Step: Fascist Austerity

British Empire Dictates Next Step: Fascist Austerity

Oct. 3 (EIRNS)—With the passage of the Bush Administrations bailout bill, British imperial mouthpieces are wasting no time demanding the next step Americans must take in national suicide: austerity.

Rupert Murdoch's *The Australian* ran the headline, "Bipartisan U.S. Senate Vote on Bailout Ushers in Austerity," over an article stating: "The next President of the United States voted to rescue Wall Street—and in the process clamped a $US700 billion millstone to his own Administration. Both Barack Obama and John McCain voted for the contentious bailout plan, which is destined to haunt the next U.S. Administration. Whoever wins the November election will inherit a $US11 trillion national debt ... which will ensure that austerity becomes the catchword for the next President. With fiscal conservative Democrats and Republicans uniting on Capitol Hill, ambitious spending programs and tax cuts will probably have to be shelved, leaving the next president little political capital with which to bargain."

On Oct. 8, London's "IOUSA" team will stage a press conference at the National Press Club, to promote the dismantling of Social Security, and other fascist economic measures. Lord William Rees-Mogg's American partner, Addison Wiggin, who produced the film "IOUSA" on behalf of Rees-Mogg's firm Agora, will speak alongside the film's propagandist, David Walker, the former Comptroller General now employed by financier oligarch Peter G. Peterson.

Global Economic News

Chinese Steel Industry Warns Brazil Mining Company on Pricing

European Banking System Collapsing

Former Swedish Finance Minister Pushes Bailout

Chinese Steel Industry Warns Brazil Mining Company on Pricing

Sept. 29 (EIRNS)—The China Iron and Steel Association (CISA) announced Sept. 25 that all its members would use domestically produced iron ore and stop importing it from the huge Brazilian mining firm Vale, saying that Vale had breached an earlier agreement by raising prices for the second time this year.

The announcement came two days after the CISA called an urgent meeting to discuss a response to Vale's price hike. At the meeting, Chinese steelmakers signed supply contracts with domestic mining companies in a bid to replace Brazilian iron ore with "made-in-China" ore.

Earlier this month, Vale raised the price issue for major Chinese iron ore buyers, including Baosteel and Wuhan Iron & Steel, claiming that Chinese steel producers paid about 11% less than their European counterparts. Vale said then it was talking with Asian buyers about an 11 to 11.5% price hike. Vale had already imposed a 65% price increase this February.

Luo Binsheng, CISA vice chairman, said Vale picked the wrong time to raise prices. "Vale should be aware that China doesn't need that much iron ore now. Demand for import iron ore is becoming weak since domestic output of iron ore has significantly increased," Luo said. In addition, imported iron ore stockpiles at Chinese ports had reached more than 80

million tons so far, according to Luo.

As the world's largest iron-ore producer and exporter, the Rio de Janeiro-based company took up 80% of Brazil's iron ore production. Chinese iron and steel enterprises imported 270 million tons of iron ore in the first eight months this year, of which 22% came from Brazil.

European Banking System Collapsing

Sept. 30 (EIRNS)—Europe's Anglo-Dutch Liberal banking system is collapsing at breakneck speed.

The Franco-Belgian Dexia bank, France's and Belgium's main lender to local, regional, and state governments, was given a Eu6.4 billion ($9.2 billion) capital injection this morning. up. Dexia is facing serious losses from FSA, its U.S.-based monoliner, which lost 20% in trading on Sept. 29. Of the FSA's total exposure of $17.3 billion, $7.6 billion is in subprime-based unsellable mortgage-backed securities. The bailout came from the Belgian, Luxembourg and French governments. France ponied up nearly half, Eu3 billion, including Eu1 billion from the French government and Eu2 billion from the French co-owner of the bank, the public Caisse des Dépôts et des Consignations (CDC).

The Irish banking system, which has served as a City of London offshore banking center, is also on the verge of imploding, with bank shares collapsing on Sept. 29 an average of 26%. The Anglo-Irish Bank, the country's third largest, led the way with a 44% drop. The Irish government announced that it will guarantee Irish bank deposits and debts for two years. This will cover the country's major banks, including Allied Irish Bank, Bank of Ireland, Anglo-Irish Bank, Irish Life and Permanent, Irish Nationwide Building Society, and Educational Building Society.

It should be noted that the Eu26.5 billion (about $40 billion) bailout of Hypo Real Estate by the German government will not be going to that bank's Munich headquarters, but to DEPFA, its Dublin-based subsidiary, where most of its toxic waste is dumped. This is headline news in German dailies, which report that the government bailout accounts for no less than 10% of the FY 2008 budget. Berlin banking sources told *EIR* that the Hypo default is just the beginning of a wave of bankruptcies in the German private banking sector that is expected shortly.

As of Sept. 28, the British government was expected to announce the nationalization of mortgage bank Bradford and Bingley. B&B will be the second British bank, following the collapse of Northern Rock late last year, to be nationalized. The decision follows the collapse of talks involving Banco Santander, HSBC, and possibly Barclays, to buy the troubled bank. It appears that none of the suitors were interested in taking in the entire mess, but the Treasury is still hoping to sell it to any of, or some combination of, Britain's big commercial banks.

The largest part of B&B's business, and apparently what brought it down, was mortgages to the "buy-to-let" sector, that is, real estate speculators who bought houses as rental properties. The bank got into trouble as more and more of these loans went into arrears over the past year, and the trouble deepened as lending rates between banks soared.

B&B holds £22.2 billion in deposits and has mortgage holdings of £41.3 billion. The mortgages will be taken over by the government and, hence, the British taxpayer.

Meanwhile, Fortis, the Dutch-Belgian financial services company, is seeking a big cash infusion after it was forced to pour $35 billion into its ABN Amro assets last year, as the U.S. subprime mortgage bubble started to tank. Fortis's shares plunged 35% in trading in Brussels last week.

Former Swedish Finance Minister Pushes Bailout

Oct. 2 (EIRNS)—Former Swedish Finance Minister Bo Lundgren, now head of Sweden's national debt office, has been touring the United States telling policymakers "how to mount a successful banking bailout without hurting taxpayers." This "Swedish model" is pushed, even though it created an economic catastrophe from which Sweden still has not recovered.

The 1990 real estate crisis in Sweden led to the acute 1991 banking crisis, the 1992 currency crisis, and three consecutive years of negative growth. In the bank reconstruction, Sweden forever lost 200,000 industrial jobs. Sixty thousand small and middle-sized businesses were forced into bankruptcy, a rate ten times that of Germany. The state debt increased by 1 trillion crowns—five times—which still today is forcing cutbacks and sale of state-owned patrimony to pay debt service. Only last year did Sweden recover to the previous employment figures, through the government program expanding service and sales sectors with 100,000 new jobs.

The so-called success story, which now Wall Street analysts are promoting, relates to the Swedish government decision in 1993 to set up a "bad bank" called Securum, that took on all the non-performing loans of the two worst banks and gave it the mission to recoup taxpayers' money. With these non-performing loans followed the real estate that had been taken over by the banks. These low-valued properties were sold by Securum for a later, higher market price. The bankrupted customers did not get any of that profit. Together with the income from the part sale of the state bank, Nordbanken, the government is said to have recovered most of the 65-billion-crown rescue package for the Swedish banks, and Securum was dismantled 1997. The injection of the 65 billion represented 4% of the country's GDP, equivalent to $850 billion in the U.S. today, which is even more than nominally called for by the Paulson bailout plan.

United States News Digest

Outcry Builds vs. Domestic Military Deployment

New York Mayor Bloomberg Improves on Julius Caesar

$15 Billion Rail Bill Ready for Final Vote

Clinton Backers Adopting 'FDR'

Gore Calls for Civil Disobedience Against Coal Plants

Iran Blockade Bill on Hold for Now

Outcry Builds vs. Domestic Military Deployment

Oct. 2 (EIRNS)—Speaking at his international webcast on Oct. 1, Lyndon LaRouche warned that a "desperate" Bush Administration "might try to use military force, to force through the kind of legislation, the bailout, which is being attempted now."

One facet of the military operation about which LaRouche warns was described in an *Army Times* story on Sept. 8, reporting that an active duty Army brigade has been assigned to U.S. Northern Command (NorthCom) for 12 months, beginning Oct. 1. On Sept. 30, another military newspaper, *Stars and Stripes*, re-published the information.

There is a serious outcry mounting against this. On Oct. 1, Amy Goodman of Democracy Now, wrote a column in the *Seattle Post Intelligencer*, warning of "an active duty military force that could be used to suppress public protest" during a failure of the financial system. "Military participation in domestic operations" was outlawed with the Posse Comitatus Act in 1878, writes Goodman, but she notes that Sen. John Warner's (R-Va.) National Defense Authorization Act for FY2007 "included a section that allowed the president to deploy the armed forces to 'restore public order' or to suppress 'any insurrection.' While a later bill repealed this, President Bush attached a signing statement that he did not feel bound by the repeal."

A high-level retired intelligence analyst told EIRNS today that this report "is something to be watched," as did a well-placed Washington source who has been emphasizing that the Paulson bailout is unconstitutional.

With the spotlight on this kind of illegal military operation, there is rapid backpedaling on the reporting. A Defense Department official told Goodman that the Army brigade would only be used for "humanitarian" missions, and its weapons, both lethal and nonlethal, would be locked up. A NorthCom official told *Homeland Security Today*, "This response force will not be called upon to help with law enforcement, civil disturbance or crowd control, but will be used to support lead agencies involved in saving lives, relieving suffering and meeting the needs of communities affected by weapons of mass destruction attacks, accidents or even natural disasters." *Army Times* had also issued, on Sept. 30, a retraction of its original story, clarifying that nonlethal weapons can only be used in combat zones, such as Iraq, and not for domestic purposes.

New York Mayor Bloomberg Improves on Julius Caesar

Oct. 2 (EIRNS)—New York City Mayor Michael Bloomberg today improved on the political technique of Julius Caesar, by responding on the first instance of "public outcry" that he take control, rather than waiting for the third such outcry. Bloomberg said he would ask the City Council to change New York's term limits law so that he can run for another four years in office, to deal with the "unprecedented challenges" brought on by the financial meltdown.

This morning's *New York Times* provided the "public outcry," in an op-ed by Ronald Lauder, titled "In New York, a Willing Suspension of Term Limits." Lauder recited his own past successful campaigns for term limits, and then called for them to be lifted temporarily, so that Bloomberg can run for a third term. Although there are other worthy candidates, Lauder said, "a prosperous future depends on a mayor with a deep understanding of finance, governance, and politics." Lauder also praised banker Felix Rohatyn for his Big MAC takeover of the city in the 1970s.

$15 Billion Rail Bill Ready for Final Vote

Oct. 1 (EIRNS)—The Senate today passed, by a vote of 74 to 24, a $15 billion rail safety and rail passenger investment bill. The House had already passed this bill, H.R. 2095. The final bill includes the Senate "Lautenberg-Lott bill" and a House bill authorizing $14 billion over five years, to be spent on building and improving passenger rail corridors, including an 80/20 Federal/state grant program for states to build out their rail networks. It also will fund Amtrak at a sustainable level, with emphasis on capital improvements to its Northeast corridor, between Washington and Boston. Another $1 billion is dedicated to rail safety projects.

Clinton Backers Adopting 'FDR'

Sept. 29 (EIRNS)—The most serious of the backers of Sen. Hillary Clinton's 2008 Presidential campaign are preparing to launching an initiative to address the present crisis, and to reform the Democratic Party, which is being dismantled as an instrument for defending the interests of the lower 80% of family-income brackets, by the backers of the Obama

Presidential campaign. The new movement is to be called "For Democratic Reform," or "FDR." In their initial post, they define the objectives as "to take back and reform the Democratic Party and re-establish the proper relationship of the government and the people."

The group's short-term goals include supporting "liberal and progressive Democrats in Congress," while acting "to unseat Howard Dean, Donna Brazile, Nancy Pelosi and Harry Reid from power...." Long-term goals include electoral reform, and expanding "upon the Four Freedoms and other core Democratic principles." In announcing this new initiative, one of its principals, who blogs as "Riverdaughter," wrote, "A number of Clinton bloggers and organizers have begun to coalesce and form an initiative to reform the party and take it back. We are calling our initiative For Democratic Reform or FDR. (It's intentional)."

This initiative comes out of a process of discussion over how to effectively respond to the Gestapo-style takeover of the Democratic Party, orchestrated by George Soros and his small circle of financial predators, on behalf of the candidacy of their patsy, Barack Obama. Those who are founding "FDR" have been working for the good of the nation, in what they say is following through on the intentions that brought them to support Senator Clinton, in the first place. The initial posting on their of their goals includes a statement from Harley Schlanger, the Western States spokesman for LaRouche PAC, calling for restoring the FDR-era Glass Steagall Act, which separated commercial and investment banking.

Gore Calls for Civil Disobedience Against Coal Plants

Sept. 29 (EIRNS)—Speaking at the recent Clinton Global Initiative confab, Al Gore called for "civil disobedience" against the construction of new coal plants. In the United States, there are 28 coal plants under construction. "I believe we have reached the stage where it is time for civil disobedience to prevent the construction of new coal plants that do not have carbon capture and sequestration," the malthusian madman proclaimed.

Iran Blockade Bill on Hold for Now

Sept. 28 (EIRNS)—According to House Foreign Affairs Committee chairman Howard Berman (D-Calif.), a bill that would establish authority for a blockade of Iran, HCR 362, has been removed from the agenda of the 110th Congress. The resolution has 270 co-sponsors, more than a majority of the House, and so Berman's decision to block a vote was decisive, if the announcement holds.

A blockade of a nation is universally considered to be an act of war.

The bill, ostensibly aimed at preventing Iran from obtaining nuclear weapons technology, includes a provision "prohibiting the export to Iran of all refined petroleum products; imposing stringent inspection requirements on all persons, vehicles, ships, planes, trains and cargo entering or departing Iran; and prohibiting the international movement of all Iranian officials not involved in negotiating the suspension of Iran's nuclear program."

A spokesman for Berman told the *New York Times*, "If Congress is to make a statement of policy, it should encompass a strategy on how to gain consensus on multilateral sanctions to change Iran's behavior." The spokesman confirmed that Berman agreed with the critics of the bill, who denounced it as a back-door authorization of preventive war. A coalition of groups, including the National Iranian American Council, had attacked the bill, which came out of the May 2008 annual convention of the American Israel Public Affairs Committee (AIPAC) in Washington, at which time, Israeli Prime Minister Ehud Olmert had told Congressional leaders that economic sanctions against Iran were no longer successful, and a naval quarantine was required.

Ibero-American News Digest

Mexico: PLHINO or Chaos

Mexican Government Capitulates to Soros

Brazilian Economist Calls for New Bretton Woods

Crisis Puts Integration Back on the Agenda

Argentine Agro Leaders Threaten 'War'

Mexico: PLHINO or Chaos

Oct. 3 (EIRNS)—If Mexico doesn't implement infrastructure development projects such as the PLHINO (Northwest Hydraulic Plan), Lyndon LaRouche again warned in his Oct. 1 webcast, it will be subjected to economic and social chaos, as millions of Mexican emigrants are shipped back from the United States, under current depression conditions. And it is in the immediate, vital security interest of the U.S., LaRouche reiterated, to participate in projects such as the PLHINO, in order to foster stability and development in our neighbors.

Mexican authorities have finally begun to publicly panic over the fact that the U.S. and global financial meltdown threatens Mexico's very economic existence. Remittances from Mexican workers in the U.S. are plummeting; mass deportations from are occurring; *maquiladoras* are shutting down; tourism is wrecked by the lack of security in the country; and the drug trade is taking over entire chunks of the country, both geographically and economically.

Treasury Secretary Agustín Carstens admitted to the Senate on Sept. 25 that remittances will likely collapse by $2.5 billion in 2008, out of a total of around $25 billion. Those remittances are the *only* source of livelihood of millions of Mexican family members of the emigrating workers, and they have been dropping in four out of the last five quarters, at an accelerating rate. On Oct. 1, the Central Bank reported that remittances fell in August by 12.2%, compared with August of 2007—by far the largest drop ever.

The Mexican media are also starting to get real. The daily *El Universal* ran an editorial on Sept. 26, headlined, "Preparing Ourselves for Hard Times." An historical article in a regional paper reported that, during the Great Depression, something between a half-million to 2 million Mexicans residing in the United States, were deported. "They just put people on trains heading to Mexico," the article said.

Mexican Government Capitulates to Soros

Oct. 3 (EIRNS)—The Mexican government is preparing to open the floodgates for mass "narcotourism," even as the country is being ripped apart by the drug trade, and its industry, farming, and other necessary activities are collapsing. On Oct. 2, President Felipe Calderón sent to the Mexican Senate a bill legalizing the possession of "personal doses" of every drug imaginable. A person who gets caught with up to 2 grams of marijuana or opium, a half a gram of cocaine, 50 milligrams of heroin, or 40 milligrams of methamphetamine, would face no criminal charges.

Barack Obama sponsor and Democratic moneybags, George Soros, and his British legalization mafia, have led the fight to

force Mexico to capitulate to the drug trade. Ethan Nadelmann, executive director of Soros's Drug Policy Alliance, immediately issued a statement hailing Calderón's bill, demanding that the United States not try to dissuade Mexico from passing the bill, as occurred when the previous Mexican President, Vicente Fox, retracted a similar bill, and pressing the U.S. to follow suit, and legalize, too.

Recruiting former Mexican President Ernesto Zedillo to the campaign, Soros's legalizers set up a "Latin American Commission on Drugs and Democracy" in May 2008, to mobilize the region as shocktroops for worldwide legalization. Mexico was a target in the Commission's closed-door strategy sessions in early September in Bogota, Colombia, which Nadelmann personally led.

The ruling PAN party, along with other parties, are already on board. On Aug. 17, the leftist opposition PRD party had called for drug decrim, and a "broad national accord" to ram it through.

The PRI party has yet to take a stand on the matter.

Brazilian Economist Calls for New Bretton Woods

Sept. 30 (EIRNS)—Carlos Lessa, former head of Brazil's huge National Economic and Social Development Bank (BNDES), posed the issue of a New Bretton Woods for Brazilian discussion, in a Sept. 27 interview with *Terra* magazine.

"Russia has already proposed, and France, also: that the world's powers meet, and define a new Bretton Woods agreement," Lessa declared in answer to the question, "What is to be done?" provoked by Lessa's hammering at the popular line that Brazil is prepared to face the bursting of the global financial bubble.

The world's banks are all interlinked through derivatives piled upon derivatives, Lessa said. What have Brazilian banks lost? They are not saying.

On top of this, Brazil faces its own domestic credit bubble. When he headed BNDES, he said, a 50-person team worked for three months to put together a map of priority projects required for Brazilian development. Instead of putting public money behind those projects, an "easy credit" policy was adopted, building up the domestic economy by, for example, offering credit to families to buy cars. As the economy is hit, those families will stop paying their loans, Lessa said. What will Brazil's banks do? Repossess the cars? And then do what with them?

Lessa, however, echoed the widespread delusion that the bursting of the bubble means that the dollar is finished, and that the world will somehow get by without it, failing to understand the fight within the United States over radically reversing policy, as LaRouche proposes.

Crisis Puts Integration Back on the Agenda

Oct. 1 (EIRNS)—The Presidents of Brazil, Venezuela, Ecuador, and Bolivia met in Manaus, Brazil yesterday, to discuss taking action on two cross-continental transportation routes and reviving the Bank of the South project, as an independent mechanism for financing regional integration projects, as the system comes down.

The global financial crisis dominated the discussions, as reality cracks the facade of "the U.S. crisis won't hurt us much" which all four Presidents (Lula, Chávez, Correa, and Morales) had been putting out for public consumption. Brazil's Lula da Silva stated after meeting with Hugo Chávez of Venezuela, that the two agreed that no one knows the actual size of this crisis, which perhaps will be the greatest in the history of the world.

The Presidents announced that they had reached a formula for overcoming some of the obstacles to founding the Bank, which they will discuss with the Presidents of the other three countries who committed themselves to founding the Bank (Argentina, Uruguay, and Paraguay), with the intent of getting the institution underway by December. Due to Brazilian opposition, in particular, the bank had been dead in the water since the founding agreement was signed nearly a year ago.

The two cross-continental routes discussed are an Atlantic to Pacific multi-modal river-and-highway link between Manaus (on the Amazon River) and the Pacific port of Manta in Ecuador, and establishing a cross-Amazon route to connect Manaus with La Paz, Bolivia.

Bilateral agreements signed between Brazil and Venezuela for cooperation on the industrialization of Venezuela range from sales of Brazilian capital goods and machinery, to a Brazilian university providing detailed specifications for the construction of seven types of factories in Venezuela.

Argentine Agro Leaders Threaten 'War'

Oct. 2 (EIRNS)—British financier interests have again mobilized their stooges in Argentina's agricultural sector, starting with the oligarchical Rural Society (SRA), to destabilize the government of President Cristina Fernández de Kirchner. The four agricultural organizations that tried to bring down her government earlier this year, through a four-month-long strike, have announced a new five-day strike, to begin on Oct. 3.

As in their latest action, the producers are protesting protectionist measures the President has taken to defend the population and the food supply, such as restriction of certain food exports and price controls, as well as maintaining export taxes on soybeans and wheat. The agro leaders charge that it is unfair for the government to maintain export taxes at all, when commodity prices are falling, and prices of inputs are rising.

Under the provocative banner of "strike, march, and war," producers intend to block the marketing of grains and beef for export, and hold rallies and protest actions in the country's interior provinces. Although they say they won't interfere with the domestic food supply, they warn they can't guarantee that "spontaneous" protests won't occur, and take matters into their own hands. During the last strike, Jacobin violence targetted producers who backed the government.

Western European News Digest

European Newspapers on 14th-Century Banking Collapse

Schiller Institute Testifies in Danish Parliament

Sarkozy Wants New Bretton Woods Summit

Euro Banks' 'Assets' Dwarf Most Nations' GDP

Economists Push Mussolini 'Solution' for Europe

French Prime Minister Avoided Plane Crash

European Newspapers on 14th-Century Banking Collapse

Sept. 28 (EIRNS)—The German daily *Frankfurter Allgemeine Zeitung* yesterday featured a lengthy historical article, detailing the 14th-Century collapse of the Lombard banking system, making the obvious comparison to the current global financial disintegration. Lyndon LaRouche has uniquely emphasized this parallel on many occasions.

Then on Sept. 30, the *Scottish Daily Record*, in an article titled "Financial Crisis and Scottish History," briefly quoted LaRouche associates Bill Jones and Marsha Freeman—in Scotland at a conference—as saying Americans massively reject Paulson's bailout of banks. "Throughout every corner of the United States, people are appalled utterly at the consequences of much fewer teachers, police officers, social provision, infrastructure repairs, etc., to rescue corrupt bankers." The *Daily Record* identifies the two only as "Democratic Party activists from the USA."

Then the *Record* continues: "There was a similar crisis to this in the 14th Century and it heralded in a dark age of warfare and disease.

"The investment banks of the Lombard banking system during the 14th century, led by the House of Bardi, looted all the kingdoms of Europe in the way the banks are trying to do now. Edward I of England was under the most pressure from them as a consequence of his long wars against France and Wales. The wool trade based on the Scottish border abbeys were a source of state revenue, and were keeping the Scottish monarchy afloat in what for our country has been defined by historians as a golden age of prosperity.

"It was all too tempting for Edward Plantagenet, deeply in debt to the international bankers. The rest we know. The rest is history. But it is an object lesson on where financial crises can lead."

Schiller Institute Testifies in Danish Parliament

COPENHAGEN, Oct. 2 (EIRNS)—The Schiller Institute in Denmark testified before the Parliament Political-Economic Committee today, with seven MPs present, from four non-government coalition parties. Tom Gillesberg spoke, and afterwards, appealed to the MPs to recognize that the current financial crisis is not like the 1930s, but, rather like the collapse of Europe that occurred after the 14th-Century collapse of the Bardi and Peruzzi banks. This led to the disintegration of the financial system and the society, and a new dark age, in which Europe's population was reduced by one-third. This is not just some people losing money; the Parliament has to deal with this, he said.

Gillesberg's written testimony was distributed to the press corps present.

Sarkozy Wants New Bretton Woods Summit

PARIS, Oct. 1 (EIRNS)— The Oct. 4 preparatory meeting in Paris for a New Bretton Woods summit, aims at bringing together the heads of state and government of those EU members that belong to the G8. Besides French President Nicolas Sarkozy, German Chancellor Angela Merkel, British Prime Minister Gordon Brown, and Italian Prime Minister Silvio Berlusconi, the talks will include EU Commission President José Manuel Barroso, European Central Bank President Jean-Claude Trichet, and Jean-Claude Juncker, head of the Eurogroup, which is basically comprised of the financial decision-makers of the Eurozone.

A full G8 summit could take place, the French President hopes, between mid-November and mid-December, after the U.S., Japanese, and Canadian elections. Sarkozy proposes that it be held in the U.S.A., so that both the outgoing U.S.

President and President-elect would be available.

Euro Banks' 'Assets' Dwarf Most Nations' GDP

Sept. 30 (EIRNS)—The ratio of assets of some of Europe's largest banks, to the gross domestic product of the nations in which operate, is staggering, especially in the smaller countries. Many of these banks are in trouble, and their lenders of last resort are states whose GDP is many times less than the purported "assets" of the banks.

The *Financial Times* of London today presents some telling examples:

UBS, one of the largest banks in Europe with Eu1.426 trillion of assets, represents 484% of Switzerland's GDP, while Crédit Suisse, with Eu854 billion in assets, is 289.7%. In Belgium, Fortis, Europe's 20th-largest bank, with assets of Eu886.3 billion, is 254%% of Belgium's GDP; and Dexia has Eu604.6 billion, or 173% of Belgium's GDP. Both these banks were just bailed out.

In the Netherlands, ING, another among Europe's largest, at Eu1.370 trillion in assets, is 289% of GDP, and Rabobank, at Eu570 billion, is 120.6%. In Iceland (population 300,000), Kaupthing Bank has Eu53 billion in assets, which is 622.5% of GDP, and Landesbank with Eu31.9 billion is 374.3% of GDP. In Spain, Banco Santander, the Anglophile bank that everyone claims is in great shape, but in fact is on life support from the European Central Bank, has Eu912 billion in assets, for 131.8% of GDP. And Royal Bank of Scotland, Europe's largest, with Eu2 trillion in assets, is 126% of Britain's GDP. Many other large banks, such as Germany's Deutsche Bank, Italy's Unicredit, and France's BNP Paribas, are between 80% and 104% of the GDP of their respective countries.

Economists Push Mussolini 'Solution' for Europe

Oct. 3 (EIRNS)—A group of economists led by Alberto Alesina is ringing the alarm bell: The European banking system is being "balkanized" through national reactions. In an open letter published in *Il Sole 24 Ore* on Sept. 27, they call for a European centralized bailout on the model of the Mussolini 1933 solution. The European intervention "must occur through ... the injection of public funds or through the mandatory conversion of debt into stock capital. It must be done at the European level (for instance, through the European Investment Bank). The current approach, with the bailout of one bank after another, will only lead to a balkanization of the European banking sector."

The list of economists who have signed the open letter had reached 100 as of Sept. 27, according to Tito Boeri, editor of site www.lavoce.it, an outlet owned by financier Carlo De Benedetti.

A similar idea is pushed by a board member of the European Central Bank, Lorenzo Bini Smaghi, in an article in *Corriere della Sera* today, titled, "States Should Enter the Banks' Capitals."

French Prime Minister Avoided Plane Crash

PARIS, Sept. 29 (EIRNS)—Before landing at the Villacoublay military air base on Sept. 28, French Prime Minister François Fillon's Falcon 900 was suddenly confronted by a Cessna tourist plane flying at the same altitude. The Falcon 900 pilot succeeded avoiding a fatal collision by employing an emergency procedure. The distance between the two planes came as close as 60 meters. Both the Gendarmerie des Transports Aérien (GTA) and the Gendarmerie de l'Air (GA) opened inquiries.

Fillon had recently travelled to meet both Italian Prime Minister Silvio Berlusconi and Russian Prime Minister Vladimir

Putin, to discuss the world monetary crisis. Last week, he had called for "national unity" in the face of a crisis so serious that it only happens once or twice each century.

Russia and the CIS News Digest

Russian State TV Airs LaRouche on Crash, FDR Solution

Medvedev: 'New Global Financial and Economic System' Is Top Priority

Russian Officials Scramble as Crisis Hits Financial Sector

Lavrov Names Soros Role in Georgia; Backs Sarkozy on Financial Summit

Putin Presses Question of Ukraine's Arming of Georgia

Russian State TV Airs LaRouche on Crash, FDR Solution

Oct. 5 (EIRNS)—The Vesti Nedeli (News of the Week) program on Russia's national TV Rossiya channel put American economist Lyndon LaRouche on the air today, in a segment about the current global financial meltdown. In excerpts from an interview with TV Rossiya correspondent Konstantin Syomin, LaRouche laid out the inevitability of the total demise of the current financial system, likely by the end of this year. The emergency alternative, said LaRouche in the broadcast, "would require that the United States would have to go to Russia, China, and India. If they agree on reorganizing the international financial-monetary system, we could solve the problem. This would mean going to a Roosevelt approach, to a kind of new Bretton Woods system."

Vesti Nedeli is the Sunday prime-time news round-up program on TV Rossiya, a state-owned channel whose regular viewing audience numbers 70 million people. Throughout today's program, anchorman Yevgeni Revenko drew attention to the proposals by Russian President Dmitri Medvedev for a new financial architecture.

Next week's issue of *EIR Online* will carry a full transcript of the broadcast.

Medvedev: 'New Global Financial and Economic System' Is Top Priority

Oct. 2 (EIRNS)—Russian President Dmitri Medvedev today declared that all other issues take a back seat to the need for consultations to create a new, just world financial system. He was speaking at a session of the St. Petersburg Dialogue forum, a Russian-German exchange at which his counterpart, Chancellor Angela Merkel, was present. The official topic of the meeting was "Russia and Germany in a globalizing world. Partnership for the modernization of society." Medvedev, keynoting the session, said, "I will list today's most important problems. First of all, the problems caused by the financial crisis. Everything else has been put on the back burner and has left the headlines. Europe and even the entire world are discussing nothing else."

Citing the inability of "one economy and one currency" to guide the world successfully, Medvedev continued, "We need collective solutions to resolve the financial crisis brought on by financial selfishness," as he himself had said at the St. Petersburg Economic Forum in June of this year. "We must work together to design a new and more equitable global financial and economic system that is based on multipolarity, the rule of law and the mutual respect of interests. Recent

events have confirmed that no economy, however strong or powerful it may be, can assume the function of super-regulator. And the problems of any one of the largest, key financial players can become the problems of everyone else at any time, so we need new mechanisms for collective decision making and collective responsibility."

Russian Officials Scramble as Crisis Hits Financial Sector

Oct. 1 (EIRNS)—Russian stock market and banking turmoil continued into the week of Sept. 29. That Monday, Prime Minister Vladimir Putin devoted much of a special government session on Russia's long-term development, to a discussion of short-term measures. Noting that numerous Russian companies and banks have borrowed abroad, but now cannot roll over those loans because of the world credit crisis, Putin outlined additional measures, including special, central bank-backed refinancing lines of credit, to be made available through Vneshekonombank; additional unsecured central bank credits to companies; and additional central bank support for interbank lending. He ordered the government to come up with ways to "support Vneshekonombank," which is acting as an insurer and lender of last resort for banks operating on the stock market.

Additional unplanned measures were required the next day. Trading was suspended for two hours on the RTS and MICEX exchanges, after an over 8% drop in the first minute of trading. The Federal Financial Markets Service then allowed trading to resume, but only in certain categories, and with new rules that impose an even lower threshold to stop trading.

On Oct. 1, addressing the Cabinet about Russia's long-term socioeconomic development conception until 2020m, compared with, and government guidelines for 2009-12, Putin said that Russia "will neither change its development plans, nor put them off until some indefinite time," even as the government attempts to stabilize the country's finances with short-term measures.

Putin asserted that the crisis began in the U.S.A., and is systemic. While detailing the government's latest moves to support the Russian banking system through capitalizing a few major banks, he stressed that neither these measures, nor the country's currency reserves and other insurance capabilities, represent an adequate security cushion. "The main guarantee," said Putin, has to be a growing economy, with a financial credit system that relies chiefly on internal resources, "thus gaining strong immunity against global financial viruses." He went on to emphasize the priority areas of transport, energy, banking, and agriculture, and "building a national innovation system."

Lavrov Names Soros Role in Georgia; Backs Sarkozy on Financial Summit

Oct. 1 (EIRNS)—Russian Foreign Minister Sergei Lavrov highlighted the financial crisis at his UN address to the General Assembly on Sept. 27, supporting French President Nicolas Sarkozy's call for an international conference. "A special urgent attention and synergy of efforts is called for by the current financial crisis," Lavrov said.

At a press conference at the UN on Sept. 29 at the UN, Lavrov made explicit reference to the role of George Soros in "paying part of the government of Georgia," and told reporters Russia is "investigating" the role of Soros in Georgia, as part of a series of investigations into what really went on in the attack on South Ossetia—as opposed to lies put out by the Western media.

In an interview with *Izvestia* on Oct. 1, Lavrov summed up this year's UN session, saying it made clear that nations must pursue their "common interest" in the current crisis—"common interest," not "common values, of which our Western partners so liked to talk in the past few years." First priority of these interests, is "the necessity to protect the world economy from collapse and falling apart as a result of the financial crisis," Lavrov said. It is very important, he said, that today all countries return to socially oriented economic policies. The current system is failing, he said, and a solution can

only be found through multilateral efforts. The United States cannot be excluded from this process, but it must be a participant with the same rights as all other nations, he said, despite being the strongest.

Putin Presses Question of Ukraine's Arming of Georgia

Oct. 3 (EIRNS)—Appearing today with Ukrainian Prime Minister Yulia Tymoshenko after bilateral talks on a wide range of matters, including sensitive gas delivery arrangements, Russian Prime Minister Vladimir Putin pressed Tymoshenko on recent reports about direct involvement by Ukrainian President Victor Yushchenko in arming the Saakashvili regime in Georgia, before and during its August attack on South Ossetia and Russian peacekeepers. Yushchenko has pursued a bid to get Ukraine into NATO, in parallel with that of Saakashvili's Georgia. During the August fighting, he flew to Tbilisi to show solidarity with Saakashvili, the darling of George Soros and the British Foreign Office.

Izvestia asked a question regarding "documents which assert that Ukraine sold Georgia weapons, armaments, which [sales] were commissioned directly by Victor Yushchenko." Tymoshenko, who is in a fierce political fight with Yushchenko, replied that in Ukraine, all arms flows are under the President, not the Prime Minister. She said that the Ukrainian Supreme Rada (the parliament, which Yushchenko is threatening to dissolve, after Tymoshenko's party broke the majority coalition) has formed an investigatory commission, and she would prefer to address "such serious facts" only if they are confirmed. She said that any violations of the law would be dealt with.

Putin condemned weapons deliveries to areas of conflict. He said whoever decided to provide such supplies "made a very big mistake." If, moreover, the weapons were supplied during the war and were managed by Ukrainian technicians, "then this I have called a crime, because it means getting directly involved in an armed conflict and setting the Russian and Ukrainian peoples against each other. This is absolutely impermissible." He added that if it were confirmed, it would affect Russia's relations with anybody involved in authorizing such activity.

Southwest Asia News Digest

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Olmert: Israel Should Give Up East Jerusalem and Golan Heights in Exchange for Peace

Sept. 29 (EIRNS)—In his last Rosh Hashanah (Jewish New Year) interview before leaving office, Israeli Prime Minister Ehud Olmert said that Israel would have to withdraw from East Jerusalem and the Golan Heights, if it expects to make peace with the Palestinians and Syria. "[Former Prime Minister] Ariel Sharon spoke about painful costs and refused to elaborate," Olmert told the daily *Yedioth Ahronoth*. "I say, we have no choice but to elaborate. In the end of the day, we will have to withdraw from the most decisive areas of the territories. In exchange for the same territories left in our hands, we will have to give compensation in the form of territories within the State of Israel. I think we are very close to an

agreement."

Respecting Syria, Olmert said, "First and foremost, we must make a decision. I'd like to see if there is one serious person in the State of Israel who believes it is possible to make peace with the Syrians without eventually giving up the Golan Heights. It is true that an agreement with Syria comes with danger. Those who want to act with zero danger should move to Switzerland."

The key to peace with the Palestinians is their demand for a capital in East Jerusalem; no Israeli prime minister has ever recognized the necessity to give that up. Although Olmert says this at a time when he has nothing to lose, since his term in office is ending, it is, nonetheless, an icebreaker which could start a real debate on the question.

Syrian Foreign Minister Meets Rice, Walsh

Oct. 1 (EIRNS)—Syrian Foreign Minister Walid al-Moallem met with U.S. Secretary of State Condoleezza Rice and Assistant Secretary of State for the Middle East David Welsh, on the sidelines of the United Nations General Assembly.

"[Rice] expressed her satisfaction with the situation moving forward in Lebanon, also with the indirect talks between Syria and Israel," the Syrian Foreign Minister told the *Wall Street Journal*, as reported on Sept. 30. "She said they support these talks and they are ready to assist. I consider this a good progress in the American position," he added. "We agreed to continue this dialogue."

The *Journal* reported that a State Department official downplayed the meetings, saying they did not represent a shift in American policy, but rather an opportunity for the United States to voice its grievances with Syria over its human rights violations and its ties with Hezbollah and Iran. "The international community still awaits a credible demonstration of Syria's willingness to renounce their sponsorship of terrorism," the *Journal* quoted the unidentified official as saying.

On Syrian-Israeli talks, Moallem told the *Journal*, "We had four rounds of talks, promising talks, in Istanbul. We agreed to have the fifth round.... But because of the situation in Israel [the change in government—ed.], the Israeli side asked the Turks to postpone it. We are waiting to see what the position will be of Ms. Livni's government. So, are they ready to resume or not? The most important thing is not, to continue or not, but to have the will, the political will, to achieve peace based on the Madrid terms of reference and land-for-peace."

"Peace between Israel and Syria is part of a comprehensive peace involving the Lebanese, the Palestinians, and Israel also," Moallem said. "If we reach this point, it will have strategic implications for the entire Middle East. Whether we accept it or not, Iran is an important player in the region. And Iran always supported Syria's right to liberate the Golan Heights and the Palestinian people's rights. If we achieve this through peaceful means, I don't see the Iranians opposed," he concluded.

Avnery: 'Israeli Fascism Is Alive and Kicking'

Sept. 29 (EIRNS)—Israeli political leader Uri Avnery, founder of the Gush Shalom (Movement of Peace), wrote a blistering column on the attempted assassination of Israeli professor Ze'ev Sternhell last week, by Israeli right-wing extremists. Entitled, "It Can Happen Here," Avnery writes, "Israeli Fascism is alive and kicking. It is growing in the flowerbed that produced the various religious-nationalist underground groups of the past: the group that tried to bomb the Muslim shrines on the Temple Mount, the underground that tried to assassinate the Palestinian mayors, the 'Kach' gang, the perpetrator of the Hebron massacre Baruch Goldstein, the murderer of peace activist Emil Gruenzweig, the murderer of Yitzhak Rabin, and all the underground groups that were uncovered at an early stage before their deeds could bring them

to public notice." He adds that while all settlers in the occupied Palestinian Territories are not fascists, "most fascists are settlers. They are concentrated in certain well-known settlements."

EIR, in two Special Reports: "Ariel Sharon and the Israeli Mafia" (1986) and "Who's Sparking a Religious War in the Middle East?" (2000), detailed the late Vladimir Jabotinsky's fascist pedigree and catalogued the settlement networks involved in the Jewish terrorist underground. These are the ones that Avnery lists in his column. What Avnery doesn't mention is that these terrorists are supported by the same foundations that were behind the 1996 "Clean Break: A New Strategy for the Realm," which includes the military campaign against Iran—long before Iranian President Mahmoud Ahmadinejad and the nuclear centrifuges.

BAE's Islamist Terrorists Target Syria and Lebanon

Sept. 29 (EIRNS)—Syrian authorities and media are pointing the accusing finger for the bombing that took place Sept. 26 in Damascus, claiming the lives of 17 civilians, not at Israel as usual, but at extremist Islamists of the Salafi type (i.e., the Wahhabis, who are backed by Saudi Arabia's Prince Bandar and financed by the British-based defense consortium BAE). Although no country or group is mentioned by the Syrians, the signals cannot be mistaken for anything else.

The bombing hit a road leading to the shrine of the Shi'a "saint" Saida Zainab, granddaughter of the Prophet Mohammed and daughter of Imam Ali, the Shi'a world's most prominent symbol. Syrian government press and think tanks made it clear that the perpetrators wanted to sow the seeds of sectarian Shi'a-Sunni hatred in the country, as was done successfully in Iraq and Lebanon recently.

The Syrian Interior Ministry announced on Sept. 28 that the car used in the bombing entered Syria from a neighboring Arab country on Sept. 26. This means Iraq, Jordan, or Lebanon. Iraq is to be excluded, for the heavy control of passage of vehicles on the borders. Syrian troops have been building up on the border with Lebanon in the last weeks in anticipation of the spread and infiltration of Wahabi militant groups from northern Lebanon into Syria. Northern Lebanon has witnessed sectarian clashes and bombings in the recent weeks, driven by Wahabi militias against Allawites (a branch of Shi'a Muslims) who are close to the Syrian Allawite leadership, and also politically allied with Hezbollah. Syrian President Bashar al-Assad warned last week against this threat coming from these groups in Lebanon.

The Salafi-Wahabi groups were exposed last year as pawns of the Saudi Prince Bandar, a key player in the British BAE operation, when the Lebanese Army arrested a Wahabi terrorist group that was using Palestinian refugee camps, such as Nahr el-Bared camp in northern Lebanon, as a base. These groups were reportedly supported by Saudi Arabia through their Lebanese ally Saad al-Hariri. Following the failure of this tactic, a process of reconciliation was initiated in Lebanon. Al-Hariri had to abandon these groups and enter negotiation with Hezbollah. With continued Saudi backing, these groups are moving their operations to target Syria directly.

British Agents and Saudis Target Shi'as and Iran

Sept. 29 (EIRNS)—A new round of sectarian tension was launched in the past few weeks, by agents of the British and factions of the Saudi religious establishment. Sheikh Yusef al-Qaradawi, a Muslim Brotherhood leader in Egypt and a British-sponsored anti-American agent provocateur, issued a number of statements against Iran and "the Shi'a invasion" of "Sunni" Arab countries.

Al-Qaradawi's statements were widely circulated by the Saudi daily *Asharq Al-Awsat* on Sept. 25. Speaking from Mecca, Saudi Arabia where he was on a visit, he accused Iran and the Shi'a clergy of attempting to convert Sunnis in Egypt, Sudan, and Morocco, into the Shi'a branch of Islam. He considers this a crime and part of the Iranian leadership's attempt

to revive old "Persian Empire" ambitions and hatred against the Arabs. He describes the Shi'a as "invaders" who are far more dangerous than the Americans, whom he admits he hates more than anything on Earth. He called on Sunni nations to do everything to stop the Iranians.

Al-Qaradawi, previously based in London and Qatar as a self-exile facing arrest by the Egyptian state, enjoys international support among Sunni Muslims. He was made even more popular through a popular weekly program on Al-Jazeera TV. He recently returned to Egypt, where he was exonerated of previous charges of extremism. Saudi scholars, such as Ayidh al-Garni, issued statements supporting al-Qaradawi. Today, *Asharq al-Awsat* reports that the Iranians have launched a massive hackers' attack on websites of these Saudi scholars, placing a huge Israeli flag on their websites. One of the Iranian government news agencies accused al-Qaradawi of being a "Zionist and freemasonic agent."

The British are, however, not being mentioned at all. Al-Qaradawi has been a frequent visitor to London, where he heads the European Fatwa Council of Europe-based Muslim scholars. He was recently banned from entering Britain after a massive campaign by conservative MPs, who accused him of supporting al-Qaeda and fomenting Islamic extremism in Europe.

Asia News Digest

India Ready To Cooperate on New Financial Order

Chinese Banker: U.S. Still Center of World Financial System

Pakistan's Reserves Collapse

South Korea's Lee Makes Overture To North Korea by Way of Russia

Thailand Completes Step in Nuclear Development Plan

India Ready To Cooperate on New Financial Order

Oct. 1 (EIRNS)—Assuring domestic and foreign investors, India's Commerce Minister Kamal Nath said: "There is an atmosphere of gloom in the world economy, in the European economy ... but not in the Indian economy." He added that India could not "be insulated in the long term from such a crisis," and, "We need today a new financial order where the [rules for the] banks, financial institutions, are common" for every country. He also said India would play its part with France and the European Union in the process.

In an interview with *Le Figaro*, Indian Prime Minister Manmohan Singh said that India cannot remain "untouched by the financial turmoil in the U.S." Singh said the nation's capacity to finance development "will be affected and exports compromised if major economies go into recession," adding that he feared the "crisis affecting the developed countries at the moment can spread to the rest of the world." Singh said wanted India and China to be part of finding a solution. "We live in an interdependent world and the fate of all countries is related to the international financial system," he said.

Despite what the Indian authorities claimed, the financial collapse has begun to show its angry face in India. India's currency, the rupee, hit a five-year-low against the dollar on Oct. 1 before recovering, but is remaining under pressure as risk-averse investors reduce holdings of emerging market assets. India's trade deficit for the month of September jumped

to $13.94 billion from the deficit of $7.19 billion a year ago.

Chinese Banker: U.S. Still Center of World Financial System

Sept. 28 (EIRNS)—China wants to cooperate with the United States on solving the world financial crisis, Guo Shuqing, chairman of China Construction Bank, said yesterday at the Tianjin World Economic Forum. Although China has suffered a good deal in the crisis, China will still emphasize that "the U.S. financial system is not the U.S.'s, but the world's," the ChinaStakes news service reported from Tianjin yesterday. "If it is good for the U.S., it is good for the world," Guo said, echoing Chinese President Hu Jintao and Prime Minister Wen Jiabao.

Jiang Jianqing, chairman of the state-owned Industrial & Commercial Bank of China Ltd. (ICBC), which is the world's largest commercial lender by market capitalization, said that China is not interested in a "fire sale" of rotten assets. He said that the "U.S. will still lead the world's financial system after it goes through the crisis." However, "there will be some changes, as regional powers and markets will become more important. 45% of China's bond market, and 22% of the world bond market are related to the U.S. market." The ICBC had bought junk, but would not again. "ICBC will take good care of its purse, and has no interest in a fire sale. We aim to be a strategic investor," Jiang said.

Pakistan's Reserves Collapse

Sept. 29 (EIRNS)—Pakistan's foreign reserves have fallen to just $3 billion, and there is real danger of a national default in the next months, Al-Jazeera TV reported today. Fighting is escalating in the region bordering Afghanistan, as the economy crumbles.

The Pakistani government has to spend the equivalent of $1 billion a month just to ensure basic food and fuel requirements for Pakistan's 165 million people, and grain and fuel prices have shot up. Prices of some commodities have gone up 100% in recent months.

Saquib Sherani, economic advisor to Prime Minister Yusuf Reza Gilani, told Al-Jazeera yesterday that Pakistan urgently needs some $7 billion to bridge the gap just to the end of the year. "It's large and we need it quite fast ... the reserves are down to covering one month of imports," he said. "We started talking in June with our development partners, but unfortunately the delay has cost Pakistan quite a bit....

"Pakistan is the central front in the war against terror, internationally, and you cannot have such a vital country go down, its economy go down the way it would without support. If this trend continues, and Pakistan is not able to get a handle on it, then certainly it will be a big, big victory for the elements that want to destabilize Pakistan."

A group of the "Friends of Pakistan" met on Sept. 26 to discuss a plan, and called on Islamabad "to undertake serious economic reform and agreed to look at improved trade access for Pakistan to their markets." The group includes Britain, France, Germany, the U.S., China, the UAE, Canada, Turkey, Australia, and Italy, plus the UN and the European Union. No financial assistance was pledged, and the group will meet again in Abu Dhabi this month.

South Korea's Lee Makes Overture To North Korea by Way of Russia

Sept. 30 (EIRNS)—After discussions with Russian leaders, South Korea's President Lee Myung-bak said he is willing to meet North Korean leader Kim Jong-il to discuss a project to link the Trans-Korean railway to Russia's Trans-Siberian railway.

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"I hope North Korea will show interest in the project, which will bring lots of economic benefits to it," Lee said at his meeting with Russian journalists in Moscow yesterday. "Russia will ask North Korea first to participate in the venture. I then will meet with Kim to discuss it, if he is agreeable to the idea."

Lee said the project will help consolidate peace and prosperity on the Korean Peninsula and in Northeast Asia.

South Korea and Russia agreed yesterday to push for the envisioned rail link between the two countries through North Korea, for its eventual connection with Europe following the summit between President Lee Myung-bak and President Dmitri Medvedev in Moscow.

The two countries also agreed to build a pipeline to deliver gas from Russia to South Korea through the North by 2015 at the earliest. Under the plan, South Korea will receive about 7.5 million tons of natural gas per year from the world's second-largest producer of oil and largest source of natural gas.

"The South Korean people are deeply concerned about North Korea's chronic food shortage problem. I'm ready to help North Korea." Lee also said. "The North can rebuild its economy very rapidly if it abandons nuclear weapons and opens itself to the outside world."

Thailand Completes Step in Nuclear Development Plan

Sept. 29 (EIRNS)—The Electricity Generating Authority of Thailand has awarded Burns and Roe Asia the feasibility study contract for the construction of a nuclear power plant. The company is a subsidiary of the U.S.-based Burns and Roe, which provides a full engineering, construction, operations, and maintenance service. Norkun Sitthipong, deputy permanent secretary at the Energy Ministry, said Burns and Roe Asia had won with a bid of 180 million baht.

The company will choose a suitable area for construction, suitable technology, the size of the plant, and the appropriate electricity production capacity. It will also assess environmental impact. Construction is planned to begin in 2014-19. The ministry wants the plant to generate 2,000 megawatts in 2020 and 4,000 MW in 2021.

Africa News Digest

- London Pushes Split in South African ANC

London Pushes Split in South African ANC

Oct. 4 (EIRNS)—Following recent resignations of Cabinet officials and one state premier, British papers, such as the *Daily Telegraph*, and British-owned or -allied papers in South Africa are promoting the idea that, in the wake of the ouster of South African President Thabo Mbeki, the ruling African National Congress (ANC), which has a two-thirds majority in Parliament over a fragmented opposition, will formally split.

The London *Daily Telegraph* wrote on Sept. 27, that a split of the ANC will "hasten the day when South Africa has a genuinely competitive multi-party democracy." ANC critics, including financier George Soros, call South Africa "a one-party state." Soros has charged that South Africa is not democratic, because of the predominance of the ANC.

As reported last week, London is counting on discontent in the population over the removal of Mbeki, to give a boost to

their project to split the ANC, in which dissatisfied ANC members would found a new party.

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