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**The Next Steps:**

**Only Sovereign Nations Can Rebuild the Bankrupt Economy**

*Here is Lyndon LaRouche's keynote, opening the first panel of the Schiller Institute conference in Rüsselsheim, Germany Feb. 21-22.*

We're at a point in history, the like of which has not been seen in Europe since the 14th-Century New Dark Age. And one of the problems we face in the world today, is precisely that: that there is *no one* living today, or for several generations in the past, who has any inkling whatsoever, of the event which grips the entire planet at this moment. We now have a planet which is estimated to be populated at 6.7 billion people. If we do not take appropriate action internationally, as I shall indicate, there will *not* be 6.7 billion people two generations from now, but, if we're lucky, 2 billion people: Whole sections of the human population's cultures will disappear, except for the few remnants to remember the past for larger numbers....

You're talking about the kind of crisis from which civilizations and cultures *do not reemerge!* In which entire cultures vanish, as well as vast parts of the world population. You have to have a clear view of the vulnerability of the world's population....

**In-Depth articles from EIR, Vol. 36, No. 9**

**...Requires Adobe Reader®.**

## Feature

- **Schiller Institute Conference:**

- **Rebuild the World Economy After the Systemic Crisis**

- Keynoted by **Lyndon LaRouche** and **Helga Zepp-LaRouche**, the conference in Rüsselsheim, Germany, was attended by about 350 people from 25 nations.

- **The Next Steps:**

- **Only Sovereign Nations Can Rebuild the Bankrupt Economy**

- Speech by Lyndon LaRouche. As the planet faces a plunge into the worst civilizational crisis since the 14th-Century New Dark Age, European nations have been stripped of their sovereignty, LaRouche said. That means the solution has to come from an alliance of four powers: the United States, Russia, China, and India. 'The United States, whatever you think about it, is crucial. Without the United States' cooperation, there will be no recovery of this planet.'

- **Helga Zepp-LaRouche:**

- **The Role of Europe in the Coming Renaissance**

- 'Our job in the next period,' said the Schiller Institute's founder, 'is to catalyze in Europe, the kinds of alliances which will work together with the United States, Russia, China, and India, and then I think there is hope. If not—you'd better get accustomed to live in the bushes.'

- **Schiller Conference Issues Urgent Call for Action**

# Strategic Studies

- **Was Dorian Gray Autobiographical?**

## **How London Goes Down**

**by Lyndon H. LaRouche, Jr.**

'The current behavior of most among the present governments is to be compared to a driver accelerating down a very steep hill into a crossing below, without knowing that the vehicle's brakes have already ceased to function. He, like most of the world's presently installed governments, is certain that he might be able to manage the situation, and would probably never discover that he had failed.' Such is the delusion of the British oligarchy, which will itself be destroyed, by the very policies with which it hopes to destroy the United States.

'Oscar Wilde would have been sadly amused.'

# Economics

- **LaRouche Bankruptcy Reorganization:**

## **Italian Senate Debate Scores Limited, But Positive Result**

On the initiative of **Sen. Oskar Peterlini**, the Italian Senate was called on Feb. 24 to discuss and vote on Lyndon LaRouche's New Bretton Woods/bankruptcy reorganization policy. Documentation: From Senator Peterlini's introduction of his motion for bankruptcy reorganization.

- **Say 'No' to Bank Nationalization and Mussolini-Style Fascism, 'Yes' to Humanity**

# International

- **Clinton Sounds a New Tone in U.S. Foreign Policy**

**Secretary of State Hillary Clinton's** choice of Asia for her first tour, was the signal of new ideas on foreign policy. The Obama Administration seems keen on raising the level of the U.S. relationship to China to that of a multifaceted partnership, while making it clear to Japan and others that this will not mean abandoning old friends.

- **Will Sanctions Against Israel Follow U.S. Fact-Finding Trips to Gaza?**

- **Pakistan:**

## **Swat Valley Autonomy Is Cause for Concern**

# National

- **Fascist Felix Rohatyn Moves In on Obama Administration**

Some observers, listening to Rohatyn's speech to the National Governors' Conference on Feb. 27, thought he had 'come around to Lyndon LaRouche's point of view' on solving the financial-economic crisis. Were they right?

- **LaRouche Case Redux:**

## **DOJ, FBI Caught in Railroad of Stevens**

# Editorial

- **A Hamiltonian National Bank**

# U.S. Economic/Financial News

## Fourth Quarter Was Worse Than Expected

### Latest Collapse Headlines

## Delphi Ends Health Benefits for Retired Salaried Employees

### Fourth Quarter Was Worse Than Expected

Feb. 28 (EIRNS)—Revised GDP figures released on Feb. 27 by the U.S. Commerce Department showed that the economy contracted at an annual rate of 6.2% in the fourth quarter of 2008, much steeper than the original estimate of 3.8% released in January, and the steepest dropoff since the 1982 recession. Exports fell at an annual rate of 24%, not the 20% reported in January, and private investment fell at a rate of 21%. Consumer spending on non-durable goods fell by 9.2%, business investment in equipment and software by 28.8%, compared to 7.5% the previous quarter, and real exports of goods and services plummeted by 23.6%.

The *Wall Street Journal* notes that the U.S. collapse is happening in synchronization with the rest of the world. India reported lower than expected fourth-quarter growth, while Japan reported that its GDP contracted at more than 12%. Europe and the U.K. each reported 5.9% declines.

### Latest Collapse Headlines

Feb. 24 (EIRNS)—AIG, whose government bailout has gone from \$88 billion, to \$123 billion, then to \$150 billion (in lending and equity), is now worried about its credit rating, and seeking to renegotiate terms of the deal. AIG now wants to pay back its \$60 billion loan with a variety of toxic garbage—even offering U.S. taxpayers whole businesses, like its "lucrative" Asian life insurance branch. AIG still needs to convince the Treasury Department.

Meanwhile, in the real world:

\* Home prices showed their biggest collapse "ever," dropping by 18.5% in December, according the respected Case-Shiller index. This, on top of an 18.2% collapse already in November. Home prices in Phoenix, Las Vegas, and San Francisco each posted collapses over 30% compared with a year ago.

\* Negotiators for the UAW have accepted a give-back offer (subject to union approval) from automaker (for now) Ford, which would allow the company to pay half of the \$13.2 billion it owes the Union for health care, not with cash, but with stock in the company. It is thought that this will soon become a model for deals with GM and Chrysler.

\* The New York Conference Board's "Consumer Confidence Index" fell to a record low of 25, the lowest recorded since 1967. This was a 12-point, or 33% drop from December 2008. The index which measures "future" confidence (six months ahead) also fell to a record of 27.5. Also not surprisingly, all the "experts" polled by Bloomberg News Feb. 23, were "surprised" by this reality.

### Delphi Ends Health Benefits for Retired Salaried Employees

Feb. 28 (EIRNS)—Delphi Corp., the largest parts supplier to General Motors Corp., won court approval from Judge Robert Drain in the Southern District of New York to terminate health benefits to 15,000 retired salaried employees. The ruling allows Delphi, which has been operating under Chapter 11 protection since late 2005, to wipe out more than \$1 billion in liabilities and \$70 million in annual cash outlays.

On Feb. 24, Judge Drain decided in Delphi's favor at a hearing, over the objections of about 1,600 retirees, according to the *Wall Street Journal*. The retirees argued in court filings that the auto-parts company could not unilaterally terminate their benefits, since GM, Delphi's former owner, promised lifetime medical coverage to many employees. The Judge came back, "For Delphi, every dollar counts."

## Global Economic News

### Ireland Could Sink Eurozone

### German Economic Collapse

### State Bankruptcy of German States?

### Japanese Exports Plunge

### Japanese-Chinese Trade Is Falling

### Chinese Economists Warn of Second Wave of Crisis

#### Ireland Could Sink Eurozone

FEB. 28 (EIRNS)—Ireland could be on the edge of dumping the euro and returning to its own sovereign currency, as the result of a deadly economic collapse, made worse by the fact that the Irish government has no control over interest rates or currency, which are all set in Brussels, under the EMU system. The London *Daily Telegraph* of Feb. 28 quoted European Central Bank president Jean-Claude Trichet, who admitted that the eurozone was under "extreme strain," as weaker member-states were facing catastrophic economic collapse. The *Telegraph* reported, "The current thinking is that Germany and France, as the strongest economies in the zone and 'lender of last resort,' would have to bail out failing states; the prospect of the eurozone breaking up would bring the future of the EU into question." However, there have been strong statements coming out of Berlin and Paris, that Germany and France may not be prepared to go deeper into hock, to hold the eurozone together. Last year, Ireland blew up the Lisbon Treaty with a referendum "no" vote that killed the dreams of a Eurowide dictatorship. With Irish government bonds rated as the riskiest investments in Europe, and with Ireland already being described as the "next Iceland," we could be witnessing the death of the European super-state.

#### German Economic Collapse

Feb. 25 (EIRNS)—German deficit figures for 2009 are twice as high as expected: EU3.3 billion for last year instead of EU1.6 billion (as was still expected in January), according to official data released today. Economic growth officially collapsed in the 4th quarter (compared to the 3rd) of 2008 by 2.1%. This is mainly due to the fall in exports: exports collapsed in this period by 7.3%, imports by 3.6%. Firms invested 4.9% less in machinery, vehicles, and other equipment. Construction investments collapsed by 1.3%, consumers bought less (-0.1%). The fall in economic performance is the

steepest recorded since 1987.

More trouble for Porsche and Hertie: as could be expected, now also Stuttgart luxury car maker Porsche, which had taken up huge credits to finance its takeover of VW, is getting into trouble, since its creditor banks are "hesitant" to provide further refinancing now. Its stocks are collapsing. Porsche might end up like Schaeffler after its takeover of Conti. The Porsche-VW takeover involved an immense speculative orgy in the stock market last year, when VW stock had to be taken off the exchange temporarily due to its insane increase; this resulted in massive losses back then for many, including Adolf Merckle, the billionaire businessman, who later committed suicide. Also, Hertie, the bankrupt shopping chain, which had been taken over by a bankrupt British investor, is now calling for state help. It still has 3,400 employees, who are now being laid off.

*Financial Times Deutschland* reports about a collapse of the solar industry and compares it to the bursting of the Internet bubble.

## State Bankruptcy of German States?

Feb. 25 (EIRNS)—On Feb. 24, the two German states of Hamburg and Schleswig-Holstein announced a rescue package for the Landesbank of the Northern states HSH Nordbank of EU3 billion and a guarantee of EU10 billion. This has produced a lot of criticism and warnings of bankruptcy of the respective states. HSH received EU10 billion in guarantees from the Federal rescue agency SOFIN so far already. Now HSH is considering forming its own "bad bank," which will have to take up to EU600 billion (!), according to estimates reported by *Süddeutsche Zeitung*. This bad bank will be called Aida, an abbreviation for "Anstalt in der Anstalt" (institution in the institution). Perhaps one should add "mental," in this case.

HSH, which is one of the world's biggest financiers of shipping, wants to concentrate then on its core business (shipping and regional finances) and aims at having a balance of EU100 billion. Given the world trade collapse already now, this is of course another illusionary concept, even if the rest would work, which is not the case. All of this is used for political polemics, like calls for dissolution and fusion of state banks, or even the fusion of German states. West LB, another of the state banks, already has put (a meagre) EU23 billion in bad debts into a separate institution and so far got EU 5 billion in federal help.

City of London mouthpiece Ambrose Evans Pritchard reports that the cost of "insuring" German debt with credit default swaps has reached an all-time high at 90 basis points, which is close to that of French debt. He then points to Deutsche Bank reporting that exports have collapsed by 5%, the fastest rate since the Depression.

## Japanese Exports Plunge

Feb. 25 (EIRNS)—Japan's exports plunged by 45.7% in January from a year ago, with vehicles, auto parts, and semiconductors hardest hit, *Kyodo* reported today from the trade statistics released by the Finance Ministry. Exports were worth 3,482.6 billion yen (about \$36 billion). The country posted its biggest-ever trade deficit of 952.6 billion yen (\$98.2 billion) in January, the fourth straight month of deficit. Imports also crashed, by 31.7% to 4,435.2 billion yen worth, to some degree due to the lower oil price. The figures are to some extent affected by the week-long Spring Festival holiday, but that is hardly the biggest factor.

Most affected was trade with the United States, where Japanese exports fell by 52.9%, to 571.7 billion yen, especially due to the fall in car shipments. Car exports were down by 69%, and the value of the exports to the U.S. down by 81%.

Imports from the U.S. were down 35.0%. The Japanese trade surplus with the U.S. was down for the 17th month in a row, by 75.3% to 132.8 billion yen. Exports to the EU were down 47.4%, and the trade surplus collapsed by 92.3%, the fifth straight month of fall.

Japan's trade with other Asian nations is also collapsing. Exports were down 46.7%—a record—to 1,618.5 billion yen, mostly because China is not buying semiconductors and other electronic devices, as its own processing trade implodes.

## **Japanese-Chinese Trade Is Falling**

Feb. 27 (EIRNS)—Japan's trade with China is likely to shrink for the first time in 11 years in 2009, the Japan External Trade Organization (JETRO) said Feb. 26. In 2008, Japan-China trade grew by 12.5% year-on-year to a record \$266.40 billion. The contractions of China's processing trade for export, is shrinking demand for Japanese semiconductors and other electronic products.

## **Chinese Economists Warn of Second Wave of Crisis**

Feb. 24 (EIRNS)—A second, even more powerful wave of financial crisis is going to hit the U.S. banking system and the dollar, Chinese economists said Feb. 22 at the just-inaugurated Global Business and Finance Institute (GBFR) in Beijing, *China Daily* reported. A second round of mortgage defaults will close down more banks, and the crisis will deal a "heavy blow" to Chinese holdings of dollar assets, against which China has to take pre-emptive measures, Song Hongbing, head of the GBFR said. "Worse, while commercial banks are facing a major crisis, the hedge funds will also be trapped in dire difficulties," Zhang Ming, economist with the Institute of Finance and Bank at the Chinese Academy of Social Sciences, said to the meeting.

"More than \$1.3 trillion" of China's \$1.95 trillion in "foreign exchange reserves are dollar assets," Zhang Ming said. These reserves are endangered by the risk of devaluation as the U.S. unleashes "huge amounts" of liquidity, the economists warned.

## **United States News Digest**

**[British Drug Pusher Soros Pushes Medical Marijuana](#)**

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**['Il Duce' Bloomberg Tries To Bribe His Way onto a Ballot Line](#)**

**British Drug Pusher Soros Pushes Medical Marijuana**

Feb. 26 (EIRNS)—Bills legalizing so-called "medical" marijuana have been introduced into both chambers of the Illinois legislature: Senate Bill 1381 and House Bill 2514. In 2007, current senate president John J. Cullerton's medical marijuana bill was only narrowly defeated by a vote of 29-22, with eight senators not voting, or voting "present." Like a similar bill, which passed the New Jersey state Senate on Feb. 23 and a companion bill in the New Jersey Assembly, this legislation is being promoted by the Marijuana Policy Project and a host of other fronts for drug legalizer George Soros, as a foot in the door to legalizing marijuana and other drugs.

In California, Assemblyman Tom Ammiano, a San Francisco Democrat, has introduced A.B.390, which would make California the first state to legalize the recreational use of marijuana. His bill would allow people over 21 to grow, buy, sell, and possess marijuana, which would be sold, regulated, and taxed like alcohol. The state would collect \$50 an ounce from sellers, and growers would also be taxed.

### **U.S. Gun Supplier to Sinaloa Cartel Goes on Trial**

Feb. 26 (EIRNS)—Mexican authorities have long complained that the United States under the Bush Administration did nothing to prevent the smuggling of weapons from the U.S. into Mexico to the drug cartels. Now, George Iknadosian, owner of X Caliber Guns, in Phoenix, Ariz., will go on trial on March 3 on charges that he sold hundreds of weapons, mostly AK 47 rifles, to smugglers, knowing they would send them to the Sinaloa cartel.

Last May, Mexican agents moved in on a safe house full of drug dealers. When the shooting was over, eight agents were dead. Among the guns the police recovered was an assault rifle traced back across the border to Iknadosian.

Thomas G. Mangan, a spokesman for the Federal Bureau of Alcohol, Tobacco, Firearms and Explosives in Phoenix, said, "We had a direct pipeline from Iknadosian to the Sinaloa cartel."

In 2008, the Mexican government seized 20,000 weapons from drug gangs, the majority bought in the United States. The ATF estimates that 90% of the weapons recovered in Mexico come from dealers north of the border.

### **Alabama House Calls for New Pecora Commission**

Feb. 25 (EIRNS)—The Alabama House of Representatives quickly passed a resolution calling on Congress to hold "Pecora" hearings on the abuses by the Wall Street financial institutions, by a voice vote on Feb. 17. Rep. Thomas Jackson (D), who is the chair of the House Agriculture Committee and the vice chair of the Health Committee, introduced the resolution. The resolution notes that economist Lyndon LaRouche, Jr., has called for Congress to convene hearings into the current financial crisis and that this call has been echoed by both historian Ron Chernow and columnist Frank Rich in the pages of the *New York Times*. The resolution, HJR 118, is a concurrent resolution which will be assigned to a committee in the Alabama Senate in the next few days.

### **Obama Wants To Be the 'High-Speed Rail President**

Feb. 25 (EIRNS)—"President Obama would like to be known as the high-speed rail President, and I think he can be," Transportation Secretary Ray LaHood was quoted as saying, in a story on NPR's "Morning Edition" on Feb. 24. LaHood has been charged with coming up with a strategic plan for allocating the \$8 billion for high-speed rail in the Recovery and Reinvestment Act, which is expected to be followed by another billion in the Federal budget to be presented tomorrow, and more thereafter.

Last week, Politico.com cited White House Chief of Staff Rahm Emanuel saying that the \$8 billion was inserted into the

stimulus bill at the last minute at the insistence of President Obama. "The President wanted to have a signature issue in the bill his commitment for the future."

LaHood's strategic plan will be a prototype for a national infrastructure bank, says *Politico*, and it quoted Emanuel saying that the legislation gives LaHood the discretion to assign "priority to projects that support the development of intercity high-speed rail service."

## **Mueller Warns of Mumbai-Type Attacks in U.S.**

Feb. 24 (EIRNS)—Speaking at the New York Council on Foreign Relations on Feb. 23, FBI Director Robert S. Mueller said extremists "with large agendas and little money can use rudimentary weapons" to sow terror, raising the specter that the Mumbai attacks could embolden terrorists seeking to attack U.S. cities. The U.S., he said, was increasingly concerned about pockets of people around the world that identify with al-Qaeda and its ideology. "Some may have little or no actual contact with al-Qaeda. Yet fringe organizations can quickly gain broader aspirations and appeal."

Could Mueller be referring to the real threat to the U.S., identified from some circles in the CIA as coming from Great Britain? Is he aware of *EIR*'s definitive analysis of the British source of the Mumbai attacks?

On Feb. 7, the *Daily Telegraph* reported Bruce Riedel, a former CIA officer who has advised President Obama, telling the *Sunday Telegraph*: "The British Pakistani community is recognised as probably al Qaeda's best mechanism for launching an attack against North America." Explaining the increase in CIA activity inside Britain over the past month, Riedel added: "In the aftermath of the Mumbai attack the US and the UK intelligence services now have to regard Lashkar e Taiba as just as serious a threat to both of our countries as al Qaeda. They have a much more extensive base among Pakistani Diaspora communities in the UK than al Qaeda." One former intelligence officer who does contract work for the CIA dismissed Britain as a "swamp" of jihadis.

*EIR* has identified the role of British intelligence, implemented through British Muslims, in the Nov. 26-29 attack in Mumbai.

## **'Il Duce' Bloomberg Tries To Bribe His Way onto a Ballot Line**

Feb. 23 (EIRNS)—New York Mayor Michael Bloomberg is desperate to get on a recognized party's ballot line for the November mayoral election. Since he has ticked off every party for sale in town, he's having to grovel, a posture he doesn't often adopt, in public anyway.

The Mayor could form his own party, but that would put him way off to the right on the ballot, in a section with the Socialist Workers and the Marijuana Reform parties.

Instead, the ex-Democrat, ex-Republican, and now ex-Independent is trying to cajole a sufficient bloc of the pols he has alienated to get his name on the Republican, Independence, or Working Family Party line. A recent article in the *New York Daily News* notes that, since August, Bloomberg has given \$1.2 million to the Independence Party, even more than the \$878,000 he gave to the Republicans.

No candidate, says the Feb. 19 *New York Times*, has successfully run for mayor without being on the ballot under the banner of an established political party.

# Ibero-American News Digest

## Mexico's PAN Party Says No to Drug Legalization

## Mexico Prepares To Expropriate Narco Properties

## Dope Pushers Swarm Out of Soros's Sewer, the New SS

## Soros-Run Argentine Daily Welcomes British G20 Agenda

### **Mexico's PAN Party Says No to Drug Legalization**

Feb. 23 (EIRNS)—The leadership of the ruling Mexican National Action Party (PAN) has decided, that if it wants to win next July's mid-term elections, it will have to make a clean break with George Soros's policy of capitulation to the drug mafias. Featured on the PAN website's homepage since Feb. 21, is a campaign video message by Secretary General Germán Martínez Cázares, titled simply: "No to the Legalization of Drugs. We will not put Mexican families at risk."

Martínez's message is a direct answer to the legalization drive launched on Feb. 11 by the Soros-sponsored and -financed Latin American Commission on Drugs and Democracy (LACDD), whose three co-chairs are former Mexican President Ernesto Zedillo of the Revolutionary Institutional Party (PRI); former Colombian President César Gaviria; and former Brazilian President Fernando Henrique Cardoso. It also closes the door on the pro-legalization faction within the PAN itself, which had presented decrim legislation of its own.

The PAN stands with President Felipe Calderón in his decision to "defeat the criminals ... who want to sell drugs to your children," Martínez declared. In a clear reference to Zedillo, who lives in the United States and is an official advisor to the British government, Martínez slammed people from previous PRI governments who "suggested surrender in this fight. Others from abroad recommend drugs be legalized. We in the PAN government are not going to experiment nor put the health and security of Mexican families at risk."

### **Mexico Prepares To Expropriate Narco Properties**

Feb. 24 (EIRNS)—Mexico's Senate will begin discussing Feb. 25 a law authorizing government expropriation of drug-traffickers' property and monies, regardless of the traffickers' nationality, with provisions for coordinating with foreign governments to expropriate any properties held abroad.

This law, five months in the making, is used around the world as a basic tool for going after the drug trade, a tool which international advisors to the Mexican government have been pressing the government to adopt. The only shocking thing here, in fact, is that no such law is on the books already.

Now, the cartels' grip on the nation's economy and institutions is such, that the bill mandates the creation of special courts to oversee the expropriations, conjuring up images of the secret courts which Peru and Colombia set up at the height of their wars against narcoterrorism, to protect the identities of judges who would otherwise be assassinated by the cartels.

Whole portions of Mexico are already controlled by the drug trade. According to today's *La Jornada*, government intelligence services estimate that 60% of the nation's municipal jails are run by people bought off by the drug mob. *El*

*Universal* reports that at least 80 mayors in four states—undoubtedly a vast understatement—admit they have been victims of cartel extortion.

The disintegration of Mexico's economy under the free-trade regime imposed by the North American Free Trade Agreement (NAFTA) has facilitated the drug cartels's advance.

Representatives of rice, milk, and pork producers warned a Senate hearing Feb. 23 that should the government fail to reimpose tariffs, and stop wiping out national producers by opening the floodgates to cheap imports, hundreds of thousands more farmers will lose their jobs, while Mexicans starve. Spokesmen for the rice producers association pointed out that if the 380,000 idled hectares in just three states were put into production, 80% of national consumption could be provided for, and 3 million jobs created.

## **Dope Pushers Swarm Out of Soros's Sewer, the New SS**

Feb. 24 (EIRNS)—The legalization call issued Feb. 11 by George Soros's Latin American Commission on Drugs and Democracy (LACDD) was, as planned, the signal to corrupted elites across the Americas to endorse surrender to the drug mob.

In the U.S. capital today, former U.S. ambassadors Harriet Babbit and James Jones endorsed the LACDD's call to debate legalization, at a discussion on "U.S. Policy Towards Mexico: Opportunities and Challenges," held on the premises of Congress. The Mexican Ambassador had been scheduled to speak, but cancelled, because Mexico's Attorney General came into town to meet with his U.S. counterpart, Eric Holder.

The show was organized by the Woodrow Wilson International Center for Scholars, a quasi-governmental institution whose just-released report on U.S.-Mexican Relations ("Towards a Strategic Partnership") calls for studying decriminalization of drugs.

The *Dallas Morning News* today ran an op-ed by Soros agent Andrés Rozental, and Stanley Weiss, founding chairman of Business Executives for National Security, in which they call for legalization, not just of marijuana, but of methamphetamines also.

Further south, Paraguay's major daily *ABC* endorsed the LACDD report in an editorial demanding that the government legalize marijuana, and give up "Puritan" values.

The Brazilian weekly *Epoca*, hit the stands this weekend with a blazing cover story: "Marijuana. Why it is necessary to debate the legalization of the drug," an eight-page drug promo based on the LACDD report. *Epoca* admits that marijuana is harmful, and that users have difficulty putting ideas into words. It nonetheless defends drugging people on grounds of free trade. "The Commission's conclusions follow the cold logic of numbers and the market," *Epoca* admits, citing one of the fathers of evil British utilitarianism, John Stuart Mill, as the philosophical underpinning of this project.

But then, *Epoca* is part of the *O Globo* media empire, whose vice president, João Roberto Marinho, is not only a member of George Soros's drug commission, but was the head of the Brazilian branch of the World Wide Fund for Nature (WWF) for many years.

## **Soros-Run Argentine Daily Welcomes British G20 Agenda**

Feb. 24 (EIRNS)—The Argentine daily *Página 12*, whose editor is longtime George Soros agent and LaRouche-hater

Horacio Verbitsky, today opened its pages to British Ambassador Shan Morgan, to expound on how Argentina and the U.K. "share a vision" for the G20 summit in London, on April 1-2.

British Prime Minister Gordon Brown and his point man for the summit, Lord Malloch-Brown, have invested much time recently making sure that President Cristina Fernández de Kirchner is on board with the British Empire's plans to focus the summit on nothing more substantial than "reforming the IMF." Kirchner has lent herself to London's manipulation on this issue by putting herself forward as the radical reformer of existing lending institutions, rather than taking up Lyndon LaRouche's proposal to put the world system through bankruptcy reorganization.

On Feb. 13, Malloch-Brown popped into Buenos Aires for four hours to discuss these matters with Foreign Minister Jorge Taiana and Finance Minister Carlos Fernández. Then, last week, a delegation led by Stephen Timms, Financial Secretary to the British Treasury, followed up, meeting again with Taiana and other ministry officials to "coordinate" on the policies to be discussed at the London summit.

On April 2, the anniversary of Argentina's 1982 retaking of the Malvinas Islands, which led to NATO's declaring war against that nation, the Argentine delegation will be in London promoting the British agenda.

## **Western European News Digest**

**[Soros Desperate To Reverse Felony Conviction](#)**

**[British Police Prepare for 'Summer of Rage'](#)**

**[French Right Wing vs. Pecora Commission Proposal](#)**

**[Saudi Drug Pushers Invade Europe](#)**

**[Day of Protest Action of GM Workers in Europe](#)**

**[U.S. Report Cites BAE Coverup as U.K. Corruption](#)**

**[BAE Bagman Arrested in Austria](#)**

### **Soros Desperate To Reverse Felony Conviction**

Feb. 24 (EIRNS)—George Soros is enraged over his 2002 felony conviction in France for insider trading, and his subsequent loss of every allowable appeal there. Soros has called his conviction "a gift to my enemies in the United States."

Soros intends to re-establish his "good reputation" by winning his last allowable appeal to the European Human Rights Court in Strasbourg. To that end, he has massively funded various institutions surrounding the European Union, such as the establishment of a European Council for Foreign Relations. His lawyer, Ron Soffer, said that Soros's appeal would be based on Articles 6 and 7 of the European Convention on Human Rights. Under Article 6, Soros will argue that the 13-year period between the crime and the trial, prevented Soros from receiving a fair trial. Article 7 says laws must be clear enough for citizens to understand, and Soros's attorney argued that "insider trading" is vague.

Soros's indictment arose from a vast scam targeting one of a France's oldest, nationalized banks, Société Générale, for privatization. Eleven high-level financial operatives were indicted in the scam; some, like Robert Maxwell and Edmund Safra, were killed in bizarre accidents, while the case dragged on. Soros was the only one found guilty. The date of the appeal argument in Strasbourg is not yet known.

## **British Police Prepare for 'Summer of Rage'**

Feb. 23 (EIRNS)—British police are preparing for a "Summer of rage," as the economic crisis brings middle-class demonstrators into the streets to protest against financial institutions. This has already been seen in events in Greece, where riots lasted for weeks, and mass protests in Ireland and Iceland.

Superintendent David Hartshorn, the head of the Metropolitan Police's public order branch, told the London *Guardian*, that they believe that middle-class people will "vent their anger" by joining demonstrations that could turn violent. He said "viable targets" will be financial institutions and multinational corporations, and that "known activists" are returning to the streets to foment unrest. "Those people would be good at motivating people but they haven't had the foot soldiers to actually carry out protests.... Obviously, with the downturn in the economy, unemployment, repossessions, changes that. Suddenly there is the opportunity for people to mass protest. It means that we would possibly look at certain events and say, yes, there'll be a lot of people there, there'll be a lot of banner waving, but in general it will be peaceful, now we have to make sure these elements don't come out and hijack that event and turn that into disorder."

A major target for demos will be the G20 meeting in London in April, which U.S. President Barack Obama is scheduled to attend.

The *Guardian* writes that observers fear that the police will overreact, making the potential for violence even greater.

## **French Right Wing vs. Pecora Commission Proposal**

PARIS, Feb. 28 (EIRNS)—In a desperate effort to discredit the growing credibility of French Solidarity and Progress party chairman Jacques Cheminade and Lyndon LaRouche in France, the oligarchy has revived the walking dead, in the person of right-wing demagogue Jean-Marie Le Pen. In a letter to the presidents of both houses of Parliament, Le Pen called for the "immediate opening of a parliamentary commission dedicated to the 2009 crisis to examine the responsibilities of the banking, economic, financial, and political officials." These words are nearly identical to Cheminade's "Appeal for the Creation without Delay of a Parliamentary Inquiry on the Responsibilities of the Financial Crisis," issued on Jan. 19 and covered by the media in such a way as to try to discredit the very idea.

Not unaware of the opportunities for right-wing demagogy in the current situation, Le Pen, in a press conference presenting his "emergency anti-crisis program," called for a "coordinated" abandoning of the European currency and the "reintegration of national currencies" to avoid an economic downfall in France and the rest of Europe. "On our side of the continent, it is said by the experts, that the euro protects us. And let me tell you that the euro is in agony."

Le Pen said French President Nicolas Sarkozy should not listen to the "siren song of Washington, Wall Street and the City [of London], which sing the song of world governance," and which in the name of a "new capitalism" will "impose anti-democratic political institutions." As an alternative, "a free monetary order" is required, he said. Of course, he didn't mention FDR, LaRouche, or an inkling of economic alternative.

## **Saudi Drug Pushers Invade Europe**

Feb. 25 (EIRNS)—According to Spiegel-online, Sarajevo's King Fahd Mosque, built with millions of Saudi dollars as the largest house of worship for Muslims in the Balkans, has now become a magnet for Muslim fundamentalists in Bosnia-Herzegovina. The Imam is said to be the patron of the Wahabites, an ultra-conservative movement in Sunni Islam, originated in, and promoted by, the Kingdom of Saudi Arabia. A vast number of terrorists operating within Pakistan, Central Asia, Southeast Asia, Bangladesh, the Philippines, and some Maghreb nations, are followers of Wahhabism.

Although only a small percentage of Bosnian Muslims identify themselves as Wahabites, this group is growing, and has begun to flex its muscles to set up a strong base in the center of Europe.

In 2007, the presence of radical Muslims in Sandzak, the poorest region of Serbia, was reported. They were linked to the advent of mujahideen foreign fighters who joined Bosnian Muslims in their battle against the Serbs in Bosnia's 1992-95 independence war. A March 16, 2007 police raid on what authorities said was a mountain terrorist camp just south of Novi Pazar, found a large cache of weapons, ammunition, hand grenades, plastic explosives, and face masks. Authorities captured four of the suspected Wahabi Muslims in the raid, and two others four days later.

### **Day of Protest Action of GM Workers in Europe**

Feb. 26 (EIRNS)—Workers at GM plants in Europe and Russia took to the streets today, protesting the threat of plant shutdown in connection with a Chapter 11 default of GM, which lost almost \$31 billion in 2008. The biggest protest took place in Rüsselsheim, the main plant of GM-Opel in Germany, with about 10,000 workers taking part.

The BüSo party, led by Helga Zepp-LaRouche, distributed a leaflet in Rüsselsheim, reminding the workers of the fact that Lyndon LaRouche had called for a reconversion program for the automobile sector four years ago, and that, had people listened to him instead of fascist banker Felix Rohatyn, the leading car-makers would already be involved in the manufacture of modern public transportation systems like the maglev.

In Kaiserslautern and Eisenach, two other GM-Opel sites in Germany, protest rallies were held today, as well as at GM sites in Spain, France, Belgium, Britain, Austria, Sweden, Poland, Hungary, and Russia.

### **U.S. Report Cites BAE Coverup as U.K. Corruption**

Feb. 27 (EIRNS)—Not only did President Barack Obama kick the bust of Winston Churchill out of the Oval Office, but his State Department has now officially accused Great Britain of corruption in suppressing the investigation of the multibillion-dollar scandal involving the BAE Systems company, Saudi Arabia, and the "al-Yamamah" slush fund. In 2007, Lyndon LaRouche dubbed the BAE arms-and-terrorism coverup the "scandal of the century."

For the first time, the United Kingdom section of the State Department's "Country Reports on Human Rights Practices" for 2008, issued on Feb. 25, cites the BAE case under the category "Government Corruption and Transparency."

The U.S. side of the BAE slush-fund scandal, involving Saudi Prince Bandar, is reportedly still under investigation by the U.S. Department of Justice.

### **BAE Bagman Arrested in Austria**

Feb. 28 (EIRNS)—Austrian Police have detained Count Alfons Mensdorff-Pouilly, the aristocratic bagman in the BAE Systems bribery investigation. He was briefly held in Britain last year in connection with the same investigation which is

probing whether BAE Systems PLC offered bribes to secure arms deals in various Eastern European countries. Legal authorities have 48 hours to decide whether to keep him in investigative custody or let him go.

## Russia and the CIS News Digest

### V. Ivanov: Close Borders to Drugs; Put Issue on U.S.-Russian Agenda

#### Russian Railways: No Industry, No Freight

### **V. Ivanov: Close Borders to Drugs; Put Issue on U.S.-Russian Agenda**

Feb. 23 (EIRNS)—Russia's Federal Drug Control Service director Victor Ivanov called for closing Russia's borders to the Afghanistan drug plague, in testimony to the State Duma on Feb. 19, Vedomosti reported the next day. Ivanov also wants to raise the Afghan drug issue in the run-up to negotiations between Russian President Dmitri Medvedev and U.S. President Barack Obama at the April 2 G20 summit, Vedomosti reported, citing a source in the Russian State Duma.

Ivanov called for Russia to establish fully controlled borders with Kazakhstan and other Central Asian states, as an important countermeasure against the drug mafia, Regnum.ru reported today. "The administrative legal regime of borders, trade, and [goods] imported to Russia is extremely washed out [weakened] by international agreements and [this] does not allow organizing an effective control over drug trafficking from Afghanistan," in particular, Ivanov said.

The current borders are not a barrier to drug couriers. "Any Central Asian country's citizen can cross the borders a practically unlimited [number of] times. This is allowed by the visa-free regime and the legal possibility to use internal, not foreign passports," he said. The "aspiration to earn money by selling heroin, turns drug couriers into shuttle traders, who pass our state border more that 100 times in a year.... At the moment, the doctrine of transparent borders as the base of national development, has exhausted itself, and is not only inadequate, but also disastrous for the country," he said.

Ivanov told the Duma that Iran has the "most fortified border in the world" with Afghanistan, "with five-meter-deep trenches and walls with spikes every 500 meters to deter intruders. In addition, Tehran concentrates 60% of its ground forces and the troops of the Islamic Revolutionary Guard" on that border, he said.

Ivanov told the Duma that since 2001, the region's opium-poppy harvests have increased three-fold, and production of opiates has soared by 44 times. Reiterating what he has said a number of times, including at a press conference Feb. 13, Ivanov said that each year, 12 metric tons of pure heroin, or 3 billion individual doses, are being smuggled into Russia, and that Afghan drugs were killing 30,000 Russians each year.

The Duma has subsequently advised President Medvedev to set up a commission on the issue under the aegis of the Security Council, Vedomosti reported, and the government was told to negotiate with Moscow's CIS partners to improve efforts to tackle drug trafficking from Afghanistan. In addition, the Duma advised the Federal Migration Service to amend agreements on simplified procedures for granting Russian citizenship to CIS nationals.

Vedomosti cited an Interior Ministry official saying that the FDCS had failed to cope with the problem of drug trafficking from Afghanistan under its former director, Victor Cherkesov. The article also cited Afghan affairs expert Pyotr Goncharov saying that it would be impossible to change or expand the UN Security Council mandate because NATO countries would block any efforts in this field. According to Russian Ambassador to NATO Dmitri Rogozin, NATO had not accepted a proposal from Russia for a joint operation code-named "Channel" against the Afghan drug barons.

## **Russian Railways: No Industry, No Freight**

Feb. 27 (EIRNS)—Russian Railways' freight handling was down over 33% in January, after a 17% drop in the fourth quarter of 2008, senior vice president Vadim Morozov told an extended Federal Rail Transportation Agency board meeting in Moscow yesterday, the Russian business news agency RBC reported. "For the first time since its conception, Russian Railways' operations are loss-making," he said. The only way to achieve "financial soundness" in 2009 will be to cut spending on transportation services by 173 billion rubles (\$4.84 billion), by cutting pay increases, cutting the volume of complete overhaul, and reducing the Railways' consumption overall. The Railways' financial plans for this year, had been based on an assumption that shipments would decrease by 19% in January, rather than the actual 33%, he said. Profits will be 13.4 billion rubles (\$375 million) in 2008, Morozov said. In 2007, net profits were 84.495 billion rubles (\$2.36 billion) in 2007.

Russian industry is not producing, and this was hitting the railroad, Railways head Vladimir Yakunin had said when he was in London on Feb. 18, the *Moscow Times* reported. "We are going to finish this year, at best, with zero profit and in the worst scenario, we will get losses. It is a very severe blow to us." The slump "is harmful for the industry I'm representing because we are not producing goods; we offer services," Yakunin said. "There is no industrial production, so what can we carry? Only passengers."

In February, freight shipments are down 28%. "The drop started in November, and it was quite severe in December and in January, and the situation now is getting somewhat better, but I cannot say that it is sustainable," Yakunin said. He claimed that shipments of coal, oil, metal, and fertilizer shipments are now increasing somewhat.

"The Western financial market is completely closed to Russian companies," he said. "We rely on our banking system, which is being supported by the government." In November, Railways had said it planned to sell 100 billion rubles of infrastructure bonds and agreed to raise loans from a group of seven Russian banks. The government agreed last May to provide state guarantees for transport and infrastructure upgrades.

## **Southwest Asia News Digest**

**[LaRouche: Israeli Leadership Must Break with Sykes-Picot](#)**

**[Arab Media Features LaRouche, Obama Administration](#)**

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### **LaRouche: Israeli Leadership Must Break with Sykes-Picot**

March 1 (EIRNS)—Lyndon LaRouche warned in a LaRouche PAC statement today that the present leadership of Israel is displaying clear evidence of suicidal, clinical insanity. "From [Avigdor] Lieberman and [Benjamin] Netanyahu to the ostensibly more sane leadership of Kadima and Labor," LaRouche observed, "I see nothing but madness. The Gaza invasion was as much a poke in the eye to the incoming U.S. President Barack Obama, as it was a crime against humanity,

directed at the elimination of the 1.5 million Palestinian inhabitants of the Gaza."

Israel's biggest problem, LaRouche said, "is the British, who are manipulating the Israelis just the same way they manipulated the Germans into World War II, under the London-sponsored Nazi regime.... The British are the source of the current mess in Southwest Asia. Wall Street is an extension of the British Empire, and people like Sir George Herbert Walker Bush are British assets and part of the British Empire operations."

"The Israeli military policies, in the case of the West Bank in 2002, Lebanon in 2006, and Gaza in 2008, are explicitly modeled on how the Nazis dealt with the Warsaw Ghetto uprising. The policy is being manipulated by the British," LaRouche concluded, stressing that this policy, if continued, "will destroy Israel."

The full statement is posted at <http://larouchepac.com/node/9367>

## **Arab Media Features LaRouche, Obama Administration**

Feb. 25 (EIRNS)—A long-time friend of American economist and statesman Lyndon LaRouche argues, in an article published by the leading Qatar daily *Al-Sharq*, that LaRouche's influence has never been greater in the institutions of the U.S. Presidency, than it is now. Prof. Ahmed al-Kedidi even suggests that LaRouche is probably going to be one of the prominent advisors to the new American President Barack Obama on issues of national security, foreign policy, and economy.

Kedidi references LaRouche's support for then-Senator Hillary Clinton in the election campaign last year, and LaRouche's hope that Clinton and Obama would follow the footsteps of Franklin D. Roosevelt. He also cites LaRouche's friendship with the Clintons since the 1990s. Kedidi says that LaRouche is not new to the institution of the Presidency in the U.S., having worked with President Reagan to develop the Strategic Defense Initiative, beam-weapons anti-missile defense policy in the 1980s. And LaRouche had uniquely forecast the collapse of the financial and economic system for many years, and put forward the remedies for it in the form of a New Bretton Woods system, and a new just world economic order for all nations.

Kedidi says he is very hopeful that LaRouche's ideas will change U.S. policies and the world, because they are both truthful and just. He cites LaRouche's recent defense of the Palestinian people and his call for releasing Palestinian leader Marwan Barghouti from Israeli prison.

From *Al-Sharq*, Prof. Kedidi's article has been republished on Elaph.com, the world's largest Arabic-language news website, based in Saudi Arabia.

## **Netanyahu Demands That Palestinian Unity Be Prevented**

Feb. 26 (EIRNS)—George Mitchell, on his second visit to Israel since his Presidential appointment as Special Envoy to the Middle East, met with Prime Minister-Designate Benjamin Netanyahu, who demanded that the U.S. drop its support for Hamas-Fatah reconciliation. Netanyahu insisted that a Palestinian unity government would only be a front for extremism. Talks between the Palestinian factions, which are being mediated by Egypt, also began on Feb. 26, the same day Mitchell arrived in Israel.

It is well known in Israel that in a conference call with Jewish-American leaders last week, Mitchell said that, should Egyptian efforts at reconciliation succeed, it would be major step forward in the peace process. However, Netanyahu argued against such efforts, telling Mitchell that "an internal Palestinian reconciliation may bring about further escalation

in the West Bank and Gaza Strip, and, therefore, must not be encouraged."

Netanyahu told Mitchell that "my government will continue to advance the peace process with the Palestinians in its own way." "Its own way" can be found in the statements of Dov Weisglass, who negotiated the Road Map with the Bush Administration for the Israeli Cabinet at a time when Netanyahu was a member. On the subject of the April 2004 letters between Prime Minister Ariel Sharon and President Bush on the Road Map-Gaza Disengagement Plan, Weisglass said the plan "supplies the amount of formaldehyde that is necessary so that there will not be a political process with the Palestinians and, as a result, you prevent the establishment of a Palestinian state."

Mitchell will accompany Secretary of State Hillary Clinton to Israel on March 3, after their participation in the Gaza reconstruction conference.

## **Former Peace Negotiators: Talk to Hamas**

Feb. 26 (EIRNS)—A group of international peace negotiators declared that it is necessary to talk to Hamas if peace is to be achieved between Israeli and Palestinians.

In a letter published in the *Times* of London, they write, "[I]t is now time to rethink the strategy for achieving peace in the Middle East.... As former peace negotiators, we believe it is of vital importance to abandon the failed policy of isolation and to involve Hamas in the political process."

They quote the late Israeli military leader Gen. Moshe Dayan who said: "If you want to make peace, you don't talk to your friends. You talk to your enemies." They add that peace is not possible by "negotiating with the representative of one part of the Palestinians, while simultaneously trying to destroy the other."

"Since its victory in democratic elections in 2006, Hamas has sustained its support in Palestinian society despite attempts to destroy it through economic blockades, political boycotts, and military incursions. This approach is not working; a new strategy must be found. Yes, Hamas must recognize Israel as part of a permanent solution, but it is a diplomatic process and not ostracism that will lead them there. The Quartet conditions imposed on Hamas set an unworkable threshold from which to commence negotiations. The most important first step is for Hamas to halt all violence as a precondition for their inclusion in the process. Ending their isolation will in turn help in reconciling the Palestinian national movement, a vital condition for meaningful negotiations with Israel."

Pointing to the Obama Administration, they write: "The new US Administration and the appointment of George Mitchell as the Middle East envoy give hope that a new strategy grounded in realism and not ideology will be pursued.... We must recognise that engaging Hamas does not amount to condoning terrorism or attacks on civilians. In fact, it is a precondition for security and for brokering a workable agreement."

Among the ten signatories are: Michael Ancram (Marquess of Lothian); Lord Ashdown of Norton-sub-Hamdon; Dr. Shlomo Ben-Ami (Israel foreign minister, 2000-01); Betty Bigombe (former Uganda government minister); Alvaro de Soto (former UN Special Coordinator for the Middle East Peace Process); Gareth Evans (Australian foreign minister, 1988-96); Peter Gastrow (former member of parliament, South Africa ); Gerry Kelly (Sinn Fein member of the Northern Ireland Assembly); John Hume (leader of the Social Democratic Liberal Party of Northern Ireland, 1979-2001); Dr. Ram Manikkalingam (founder of the Dialogue Advisory Group); and Lord Patten of Barnes.

## **Turkey Resists IMF Demands**

Feb. 28 (EIRNS)—The Turkish Government continues to resist demands to accept conditionalities dictated by the International Monetary Fund for a standby agreement, at a time when the economy is under tremendous pressure because of the global economic collapses.

JP Morgan Chase, according to *Hurriyet*, warns that Turkey's government could fall if Ankara doesn't accept an IMF bailout. Investors are demanding about 580 basis points, or 5.8%, in extra yield, to own bonds sold by Turkey rather than U.S. Treasuries.

According to *Sabah* newspaper, talks with the IMF are deadlocked over "three IMF demands [which] Prime Minister Recep Tayyip Erdogan has rejected." The Fund wants Turkey's tax collection agency to have a status independent of direct control by the finance ministry. The second is that this authority control all tax investigations. The third demand is that the government cancel legislation that increases the share of funding that local municipalities receive. Erdogan has declared all three demands to be unacceptable.

## Asia News Digest

### [U.K.-Based Terrorists Try Mumbai II in Bangladesh](#)

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### [Japan's Aso Advises Obama on High-Speed Rail](#)

### [Japan's Industrial Production Devastated by World Crisis](#)

#### **U.K.-Based Terrorists Try Mumbai II in Bangladesh**

Feb. 26 (EIRNS)—British intelligence is in the middle of the civil war-like situation that has developed in Bangladesh. TNN news agency reported from Dhaka on some of the Bangladesh Rifles (BDR) rebels were seen wearing distinctive orange-colored bandanas, colors belonging to a U.K.-based Islamist organization, Hizb-ut-Tahrir. According to terrorism analysts, Tahrir has been focused on Bangladesh for the past couple of years, seeking to turn the nation into an Islamist caliphate.

Meanwhile, more details of the massacre of the Bangladeshi Army officers have begun to come out. There were reports of a mass grave where at least 38 Army officers were buried. Latest report indicates that 100s of dead, some of whom were wives and children of the Army officers, have been identified.

According to New Delhi sources, persistent threats to Bangladesh Prime Minister Sheikh Hasina increase the possibility of mutiny. According to Maj. Gen. Muniruzzaman of the Bangladesh Institute for Peace and Security Studies, this operation must have been planned for months. "It was a huge intelligence failure and has security implications of a grave nature for Bangladesh and India." He added that for India, this event increased the threat of movement of "transnational terrorists into India."

Indian officials, who are following the developments in Dhaka closely, said that, notwithstanding the surrender by BDR rebels, the situation was "serious" because the real planners and causes still remained unclear. Meanwhile, the U.S. ambassador to Bangladesh has sent Washington's full support to the premier.

The immediate dangers for Hasina Wazed are several: first, there will certainly be short-term instability in her fledgling government if a concerted effort is made to weed out the rebellious elements. Second, there is a total collapse in the command structure in BDR since it became clear that at least 12 senior commanders (including the director-general, and his deputy) were killed, and their bodies were dumped in the sewer. One positive note is that the army, under Gen. Moeen Ahmed, has weighed in on the side of the Sheikh Hasina government.

## **China Denounces French Sale of Opium War Booty**

Feb. 25 (EIRNS)—The Chinese government has strongly denounced the French attempt to auction off two of the greatest treasures stolen by the British and the French from the Summer Palace in Beijing, which was pillaged and burned as the final act of sacrilege of the Opium Wars of 1840-60. Foreign Ministry spokesman Ma Zhaoxu told a news conference Feb. 24: "The State Administration of Cultural Heritage has formally informed the auctioneer of our strong opposition to the auction and clearly demanded its cancellation."

The bronze heads of a rat and a rabbit were part of a fountain of the 12 Chinese zodiac animals in the Summer Palace. Five of the 12 heads have been recovered and are now displayed in a Beijing museum. Legal efforts to prevent the auction, which is selling off the massive collection of the late fashion designer Yves Saint Laurent from the Grand Palais exhibition hall in Paris, failed when a French court not only rejected the demand to stop the auction, but, in fine colonial fashion, fined the plaintiffs for holding up the sale, which started Feb. 23.

To emphasize the still-rampant colonial mentality of the French elites, Saint Laurent's former business manager and "companion" Pierre Berge offered to return the sculptures in exchange for Chinese human rights guarantees and permission for the Nazi-loving Dalai Lama to return to Tibet. Ma Zhaoxu responded: "Using the pretext of human rights to infringe on the Chinese people's fundamental cultural rights is just ridiculous."

Ma counterposed to the French outrage the recent visit of U.S. Secretary of State Hillary Clinton, which produced "positive results," when Clinton made clear that there are crucial matters of world affairs to be resolved by the U.S. and China, which will not be diverted over demands from the human rights mafia.

The raid on the Summer Palace was led by Lord Elgin, the son of the Earl of Elgin Thomas Bruce who had stolen the so-called "Elgin marbles"—the Classical Greek sculptures hacked from the face of the Parthenon in Athens by Lord Elgin—which still remain in the U.K. today—and "Chinese" Gordon, who finally met his demise in Sudan, where the British are still seeking revenge.

## **Japan's Aso Advises Obama on High-Speed Rail**

Feb. 25 (EIRNS)—Japan's Prime Minister Taro Aso spent over an hour in intense private conversation with U.S. President Barack Obama on Feb. 24. The major items on the agenda were re-confirming the close ties between Japan and the United States, dealing with the devastating economic collapse, and relations with the troublesome state of North Korea.

However, according to an interview Aso gave to the *Washington Post*, high-speed rail was an important addition to the conversation. Aso noted that in Tokyo, there are over 10 million people, and 76% rely on the railroads; in U.S., he pointed out, over 90% travel by auto."

A significant, if modest, allotment for high-speed rail is contained in the Obama stimulus bill. Transportation Secretary Ray LaHood says high-speed rail could be a signature issue for Obama. "I do think this is the transformational issue for this administration when it comes to transportation," LaHood said. "I think President Obama would like to be known as the

high-speed rail president, and I think he can be."

## **Japan's Industrial Production Devastated by World Crisis**

Feb. 27 -(EIRNS)-The Ministry of Economy, Trade and Industry of Japan—the world's second-largest national economy—had to report sharp contractions in industrial production and shipments in January, in its preliminary report released today. Industrial production— mining and manufacturing—in January fell 10% from December, a post-war monthly record and the fourth sharp drop in a row; from a year ago, production has contracted 30.8%.

Just two days ago, the Finance Ministry had to report that Japan's exports had crashed by 45.7% in January, from a year ago, with vehicles, auto parts, and semiconductors hardest hit.

According to METI, industrial shipments were down 11.4% from a month ago, and 31.6% from last year—from the base year of 2005, both industry and shipment indices were just 76 out of 100. Demonstrating the "gridlock" of the Japanese and world economy, the inventory ratio was up 11.6% from December and a full 51.3% from last year, despite production decreases.

The worst hit industries were transport equipment, especially larger automobiles; electronic parts, especially semiconductors, which are shipped to China for use in the processing trade for consumption in the EU and U.S., and general machinery, the Ministry reported.

Production is expected to fall further this month, by over 8%, an expectation much more likely to be fulfilled than the sanguine projection that production will start rising in March.

The METI is acknowledging, as Xinhua reported today, that the entire economy, not just the export-oriented sectors, is being dragged under by the world crisis, and to an extent much deeper than expected. Finance Minister Koaru Yosano told the press today that "the recession is having an increasing impact on the real economy," as all 16 industrial sectors have had to cut output.

Some of the figures: non-ferrous metal production is down one-third from last year; iron and steel, over 40%. General machinery is down over 36%, and electrical machinery almost 25%. Cars and trucks production is down almost 45% from a year ago, and Japanese special sectors were devastated: precision instruments were down 23.7% from a year ago; industrial robots down 56%, and in the machine-tool sector, high speed tool production was down 27.5%; diamond tools by 43.1% and electric machine tools by 27.3%!

An additional factor hitting production, is that Japanese industry has become more export-reliant over the past 10 years, according to Bank of Japan figures cited by *China Daily* today. Industry exported 21% of their products in 2008, up from 16% in 1998.

Last week, Bank of Japan governor Masaaki Shirakawa warned that the economy will remain in a "severe" state next quarter, and that investors are not going to provide producers with any credit. The Bank may have to start buying corporate bonds for the first time, to try to generate some credit, according to *China Daily*.

## **Africa News Digest**

### **ICC Warrant Is a Fraud Designed To Weaken Government**

## **LaRouche: ICC Guilty of Human Rights Violation if it Indicts Sudan President**

## **LaRouche: Abolish the International Criminal Court Now!**

## **Guinea Cracks Down on Dope, Inc. to Consternation of London**

### **ICC Warrant Is a Fraud Designed To Weaken Government**

Feb. 27 (EIRNS)—High-level Sudanese sources have today revealed that John Prendergast, a well-known opponent of the Sudan government, who passes himself off as a defender of the population Darfur, has indicated that if President Omar al-Bashir would agree not to run again in the election scheduled for later this year, the impending charges by the International Criminal Court (ICC) could be made to disappear.

The sources indicated that the goal of the ICC assault against Bashir is to create chaos in the country, which would facilitate the separation of South Sudan and other regions, from the nation.

These revelations expose the widely circulated lie that the purpose of the ICC indictment is to bring accountability for alleged crimes of genocide in Darfur. Now that the true intent of the ICC indictment has been revealed—to oust President Bashir, and weaken the Presidency of Sudan—all leaders, especially those in the U.S government should act immediately to quash the expected ICC initiative.

The ICC is being used to prevent the Sudan nationalist government from carrying out a nationwide development strategy which would unify the disparate segments of the country, and instead return to the conditions that prevailed under British colonial rule.

These revelations are a further indication, as charged by Lyndon LaRouche on Feb. 19, that the ICC, funded by the world's top drug pusher, George Soros, is merely a tool of Britain's Mark Lord Malloch-Brown, Minister of State in the British Foreign and Commonwealth Office, on behalf of the London-based Anglo-Dutch imperial financial cartel.

LaRouche added: "There should be no recognition of the ICC. It's a complete violation of international law. The people who are pushing it should be questioned as to their morals and sanity. This very indictment is a crime against humanity, and the sponsors of the indictment should be brought to trial by some suitable agency."

### **LaRouche: ICC Guilty of Human Rights Violation if it Indicts Sudan President**

Feb. 26 (EIRNS)—With an indictment of Sudanese President Bashir by the ICC expected as early as March 4, Lyndon LaRouche today issued a strong denunciation of such a nullification of national sovereignty as a human rights violation.

LaRouche pointed to speeches made by former British Prime Minister Tony Blair in 1999 and 2004, in which he attacked national sovereignty of nations, and put forward an imperial doctrine justifying intervention into the sovereign affairs of other nations, as the basis for the ICC attack on President Bashir.

### **LaRouche: Abolish the International Criminal Court Now!**

Feb. 23 (EIRNS)—Lyndon LaRouche issued a call today to immediately disband the International Criminal Court (ICC),

which is planning to issue an indictment against Sudanese President Bashir as early as March 4. "Disband the ICC. Disband it!" LaRouche said. "Its existence itself is a crime against humanity—because it disregards the principle of the sovereignty of nation-states."

LaRouche characterized the ICC action against the Sudanese President as a British Foreign Office/George Soros dirty operation. The ICC move has been denounced by both Egyptian President Hosni Mubarak, and by Pope Benedict XVI, as being a dangerous precedent which will make matters worse in Sudan.

But LaRouche said it is urgent to abolish the Soros-created sham court completely—and to do it now.

"Maybe the ICC really stands for 'I'm for Coke and Cannabis,'" LaRouche said. "You don't believe it? Look at who's the big backer: George Soros. The world's biggest drug pusher is running the ICC. Maybe the ICC should be investigated for dope pushing? It's certainly in violation of the principle of sovereignty for nations. It should be *disbanded* and held in contempt by all decent people on the planet.

"The ICC is contrary to the whole principle of the United Nations, in particular. It's a completely British asset; and worse than being simply British, it's overtly an asset of the international drug pushers. And therefore the question is: Should perhaps the ICC personnel be investigated for their complicity with international drug pushers, such as George Soros? The ICC is in complicity with him. Maybe it is an accomplice of drug pushers, and maybe the ICC is a criminal association. It certainly is an unconstitutional one—it's against the principle of sovereignty of nation states."

### **Guinea Cracks Down on Dope, Inc. to Consternation of London**

Feb. 28 (EIRNS)—Officials of the West African nation of Guinea announced yesterday that five senior police and administration officials were arrested Feb. 26 for drug trafficking, according to an AFP report. One of those arrested, Ousmane Conté, is the son of the former head of state, Lansana Conté, who died Dec. 23, 2008. Ousmane confessed to being involved in trafficking cocaine, but said that he was not the ringleader.

London's *Financial Times* today joined ranks with Dope, Inc. when it said that "Human rights groups are concerned about extra-judicial tactics" by the government. The world's leading drug pusher, George Soros, is also a big funder of groups who claim they are fighting for human rights, but who do nothing to facilitate economic development, which would alleviate poverty and suffering.

London's imperial financial cartel has been at the forefront of moves to isolate the Guinea government, and is claiming that the present government, headed by Moussa Dadis Camara, carried out a coup d'état when it took control after President Conté died. According to high-level African sources, Camara and his associates, fearing a repeat of the 2007 countrywide anti-Conté unrest by the poverty-stricken population, formed a government after Conté's death to ensure a peaceful transition after Conté's death. Elections have been announced to take place later this year, between October and December. The U.S. State Department has bought into the BBC's characterization of Camara's move into a power vacuum as a coup, and has cut off aid to the impoverished country.

Lansana Conté had ruled the country for 24 years. The new administration, headed by Camara, has been rounding up suspected drug traffickers, many of them reportedly connected to Conté's family, or high-level officials in his government.

Guinea is one of several West African countries that have been victimized by an explosive growth in drug smuggling, involving especially cocaine from South America, to a growing market in Europe. The smugglers corrupt leading military and law enforcement personnel to open up these nations for their smuggling activity. Those arrested in Guinea included the

former head of the Central Anti-Drugs Office, a former director of Interpol Guinea, the former interior and security minister, the ex-chief of urban security in the capital, Conakry, and the state prosecutor in one of the capital's suburbs.

London places a high priority on allowing George Soros and his cohorts to run the global drug cartel. Will Guinea have to allow free rein to drug smugglers to gain the approval for development aid?

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