

[return to home page](#)

**The Present Fall of the House of Windsor**  
**The Thanksgiving Song**  
**by Lyndon H. LaRouche, Jr.**

November 20, 2010—'The Crime Scene'

The failures of British and British-influenced notions of alleged principles of economy, can not be competently understood in any different way than is implied in the predators' expression, "We stole it fair and square." That is the view of British economists and related types who have some actual sense of what they are doing. It is the same principle underlying a professional predator's notion of an adopted "righteous self-interest" in a thief's profession, as by Queen Elizabeth II. "We decided, and that's that" is the essential premise, among other things, "of what we do." Insofar as such "philosophies" go against nature, great empires, such as that commanded from the pillars of the British system now, are destroyed by their own implied philosophies of general practice. Such is key to the ultimate destiny of the lackeys of an imperial alliance when reality overtakes the predator's follies of a once seemingly invincible empire. Thus, it is fairly said, that all sins, such as those of the British system and its lackeys, are ultimately paid, as exactly that is what is happening throughout the world, as a great general-breakdown-crisis under way presently. It is, thus, a provable conclusion that the existence of the British empire and its accomplices has been an offense against both a competent practice by mankind, and also against the Creator Himself. This I explain in the course of these pages....

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## This Week's Cover

- **The Present Fall of the House of Windsor:**  
**The Thanksgiving Song**  
**by Lyndon H. LaRouche, Jr.**

He writes: 'It is fairly said, that all sins, such as those of the British system and its lackeys, are ultimately paid, as exactly that is what is happening throughout the world, as a great general-breakdown-crisis under way presently. It is, thus, a provable conclusion that the existence of the British empire and its accomplices has been an offense against both a competent practice by mankind, and also against the Creator Himself. This I explain in the course of these pages.'

## Strategy

- **Britain Goes Bump in the Night!:**  
**The Funeral March of Our Marionettes**  
**by Lyndon H. LaRouche, Jr.**

The case of what is thought of as the present 'Ireland crisis' of the British Inter-Alpha Group, makes one think that most leading politicians and economists today are, indeed, little more than marionettes. They actually believe in statistical economic forecasting!

## Economics

- **The Euro Is Rosemary's Baby!**  
**No Bailout for the Banks**  
**by Helga Zepp-LaRouche.**

The euro is nearing its final demise, and the fault lies not with Ireland, Greece, or other nations themselves, but with the fact that the banks are bankrupt.

- **It Is Tantamount to War!:**  
**Sink the Inter-Alpha Group**  
**by Lyndon H. LaRouche, Jr.**

Our intention must be, not to defeat the British empire by use of modern strategic weapons, but by the peaceful, if admittedly calamitous means of hanging the present financial system of the Inter-Alpha Group's pirates by their own monetarist mastheads.

## World News

- **LaRouche to Obama:**  
**Don't Turn Lunatic Netanyahu Loose**

The so-called 90-day extension of the West Bank settlement freeze, negotiated in recent talks between the Obama Administration and the Netanyahu government in Israel, is less about Israel/Palestine peace negotiations, and more about giving Israel the political support and military capacity to carry out air strikes against Iranian nuclear sites.

- **2,500 Haitians Hear About NAWAPA and 'This Guy LaRouche'**

Students, businessmen, journalists, and politicians attended a conference organized by COREJENE (Regional Youth Coalition of North and Northeast Haiti), in the city of Cap Haitien, to learn about Lyndon LaRouche's emergency solutions for saving Haiti, and the planet.

- **'Operation Frederick Douglass':**

### **Zepp-LaRouche Issues Call To Save Haiti**

Helga Zepp-LaRouche's statement to the conference in Cap Haitien.

- **Haiti's Liberty Will Shine on Forever**

From an 1893 speech by Frederick Douglass, former Minister and Consul General to Haiti, on the 89th anniversary of its independence.

- **LaRouche Youth Sponsor Mexico City Forum on Great Water Projects**

On the Nov. 10 forum in the Mexican Congress on 'NAWAPA-PHLINO: A New Concept of Infrastructure.'

- **'Our Moral Fiber Is Being Tested'**

The keynote speech by Helga Zepp-LaRouche to the Mexico City conference.

- **The U.S. Army Faces a Moral and Constitutional Dilemma**

The annual conference of the Association of the U.S. Army indicated that the Army appears to be willing to examine its faulty procedures and methods, but is skirting the screw-up factors that get injected from the outside, primarily from the civilian leadership which makes the decisions on whether or not to go to war, against whom, and on what basis.

# Books

- **The Book That Still Drives the British Royals Mad, Is Back**  
Dope, Inc.:  
Britain's Opium War Against the World,  
by the Editors of EIR.
- **Ferdinand Pecora Takes on Wall Street and Wins a Victory for the American System**  
The Hellhound of Wall Street:  
How Ferdinand Pecora's Investigation of the Great Crash Forever Changed American  
Finance  
by Michael Perino.

# History

- **The Meaning of Thanksgiving:**  
**'Britain Delenda Est'**  
This greeting was sent to a Thanksgiving gathering of LaRouche Youth Movement members, by Mark Calney, a veteran of the movement. 'After the Fourth of July,' he writes, 'Thanksgiving is perhaps the most patriotic, and explicitly anti-British Empire holiday for Americans.'
  - **The Concept of Immortality**  
Remarks by Lyndon H. LaRouche, Jr.

# Editorial

- **A Showdown with the Empire**

# This Week's News

- **U.S. Economic News**
- **Global Economic News**
- **United States**
- **Ibero-America**
- **Europe**
- **Russia and the CIS**
- **Southwest Asia**
- **Asia**
- **Africa**

# U.S. Economic/Financial News

## Alan Simpson 'Can't Wait for the Bloodbath'

## Glass-Steagall: 'An Act Whose Time Has Come Again'

## Pittsburgh's Mass Transit To Be Slashed

### **Alan Simpson 'Can't Wait for the Bloodbath'**

Nov. 22 (EIRNS)—Former Sen. Alan Simpson (R-Wyo.), whom Obama appointed as co-chairman of the Deficit Commission, made these remarks in a Nov. 19 breakfast roundtable conversation with *Christian Science Monitor* reporters, according to numerous sources:

"I can't wait for the bloodbath in April.... When debt limit time comes, they're going to look around and say, 'What in the hell do we do now?' We've got guys who will not approve the debt limit extension unless we give 'em a piece of meat, real meat, meaning spending cuts. And boy, the bloodbath will be extraordinary!"

Simpson figures that the massive cuts in living standards will happen next April, when Congress has to vote on raising the national debt ceiling. He expects a political standoff to be resolved only by Obama and the Republicans agreeing to otherwise popularly unacceptable austerity, to avoid default on the debt or government shutdown.

President Obama had defended Simpson on Nov. 11, after widespread outrage against Simpson and Commission co-chairman Erskine Bowles, for issuing recommendations for austerity against seniors and the poor.

*USA Today* quoted Obama: "Before anybody starts shooting down proposals, I think we need to listen, we need to gather up all the facts. If people are, in fact, concerned about spending, debt, deficits and the future of our country, then they're going to need to be armed with the information about the kinds of choices that are going to be involved, and we can't just engage in political rhetoric."

Now, his appointee Simpson has furnished the scenario for forcing through the austerity demanded by Obama's financier sponsors, without the public having a chance of "shooting down" their proposals.

### **Glass-Steagall: 'An Act Whose Time Has Come Again'**

Nov. 22 (EIRNS)—The editorial of the Nov. 21 *Pittsburgh Tribune-Review*, the flagship newspaper of the ultra-conservative and anti-LaRouche Mellon Scaife interests in Western Pennsylvania, argued for the urgent restoration of President Franklin Roosevelt's 1933 Glass-Steagall Act, which was repealed in 1999. Headlined "Restore the Foundation: Revive Glass-Steagall," the editorial read:

"Once upon a time, a commercial bank was a commercial bank and an investment bank was an investment bank. And with good reason. There were—and remain—just too many conflicts and potentials for abuse when an entity whose mission is to manage risk is one and the same as the one taunting risk.

"It was such real conflicts and abuses that led to the Glass-Steagall Act of 1933. It separated commercial banking from

investment banking. But financial industry consolidations and a zeal for deregulation fueled the repeal of Glass-Steagall in 1999.

"As then-*Wall Street Journal* columnist Thomas Frank wrote this past January:

"In 1999, the last time the 1933 law was being debated, it was routinely described as a 'Depression-era' law, a 'relic' of a benighted age, 'venerable,' 'obsolete,' 'outdated,' 'archaic,' insufficient to meet the public's 'sophisticated needs' in the bold new era of accelerated everything."

"Need we recount the mess that followed the 'enlightenment'—lives destroyed, an economy pushed frighteningly close to collapse while perversely enriching the failures of the brace-snapping banking elite?

"A foundation without a footing will crack and eventually crumble. 'Old Economy' or 'New Economy,' there remain fundamental, sound principles that must form the basis for a sturdy footing to gird the foundation of our banking system.

"Glass-Steagall is an act whose time has come again."

## **Pittsburgh's Mass Transit To Be Slashed**

Nov. 26 (EIRNS)—The Port Authority of Allegheny County, Pa., which runs mass transit services in Pittsburgh, caught between the economic crisis on the one side, and political apathy and ideology on the other, on Nov. 24, imposed the harshest service cuts in the history of the system. The cuts, effective on March 13, 2011, will eliminate bus service on 45 of the system's 129 bus routes, affecting more than 50 neighborhoods. Fares will be increased 25 to 50 cents. More than 500 jobs will disappear, including at least 350 by layoffs.

All of this to close a \$47 million deficit in a \$330 million budget. Members of the Authority board blamed the state legislature for under-funding the system for the past three years. "We have been backed into a corner by inaction, apathy, and a complete disregard for the greater good. The powers that be have turned their backs on the people who depend on transit to live their very lives," said Authority board member Joan Ellenbogen.

They still won't get any help from the incoming Republican-controlled legislature. Rep. Mike Turzai, slated to become House Majority Leader in January, said, in response, "The days of putting good money after bad are done," and that no one is against public transportation, but "it has to be run in an efficient manner and look more like the private sector. It needs to be right-sized."

The people caught in the middle, of course, are the riders, especially elderly and low-income people who have no other transportation options. More than 50 of them protested outside the Authority headquarters while the board was meeting to slash its budget. "I just want my bus," Olga Stanko, 81, told the *Pittsburgh Tribune-Review*. "I'm too old for this. Somebody needs to do something." The board estimates that the service cuts mean that 15,000 people will no longer be using transit, and 9,000 more cars will be driven into Pittsburgh each day.

## **Global Economic News**

**[Russia Invites India for Joint Exploration of Uranium Mines](#)**

**[Chinese Breakthroughs in High-Speed Rail, Nuclear](#)**

## **Fresh Spurt in Nuclear Power Development in Asia**

### **Japan To Provide Nuclear Support to Thailand**

#### **Russia Invites India for Joint Exploration of Uranium Mines**

Nov. 22 (EIRNS)—Sergei Novikov, spokesman for Russia's nuclear energy agency Rosatom, said today, "We have offered the Indians participation in the uranium mining projects in the Russian Federation and third countries. The controlling stake in the joint projects must remain with Rosatom and the partners could get up to 49% share in the projects inside Russia."

India is already participating in the Elkon project in Yakutia, in Russia's Far East. A Rosatom spokesman said that in that project, the Indian stake would be less than 49%, as there were already some other foreign stakeholders.

During Prime Minister Vladimir Putin's visit to India in March, Rosatom head Sergei Kiriyenko had offered the state-owned Uranium Corporation of India Ltd. (UCIL) a stake in the Elkon project and setting up nuclear fuel joint ventures in Russia and India. Work to design and construct a uranium production and conversion plant started in Yakutia, in 2009. The plant will also produce gold and silver; molybdenum has also been discovered at the Elkon deposit.

#### **Chinese Breakthroughs in High-Speed Rail, Nuclear**

Nov. 23 (EIRNS)—Contrary to accusations that China has only copied other nations' high-speed railway technology, China is leading innovation in actual railway construction, Tian Lipu, director of State Intellectual Property Office of China, said in Chengdu, Sichuan Province, on Nov. 22. China, he pointed out, is the only nation now building high-speed railways in the mountains. Construction will soon begin on the Chengdu-Guizhou high-speed railway, the world's first mountain high-speed railway, and this means that high-speed rail technology with Chinese characteristics has come of age, Tian said. The line will run through the rugged terrain of Southeast China. Beijing is planning to make high-speed rail lines a main channel to connect China's interior—60% of its land area, and mostly mountainous—with the East Coast.

Other nations develop technology based on existing technologies, Tian said. "The developed countries can do like this, why not China? We bought technology from Germany, Japan, and France, and we paid patent fees in accordance with international rules. This is legal. How is it plagiarism to assimilate others' skills and create new things when adapting them to our own situation?"

China's 13,000-km high-speed rail network is already the largest in the world. In addition to covering rough terrain, it also features the longest and fastest tracks in the world. China has made other breakthroughs in rail technology, especially when it built the railway into Tibet, with unique geographic conditions, including permafrost and extreme altitude.

A report by the World Nuclear Association says that China is rapidly becoming self-sufficient in reactor design and construction, *Indepthnews* reported on Nov. 23. China has 13 operating reactors, and is building another 25, with at least 5 more construction sites to begin soon, making China by far the largest site of nuclear expansion in the world. The planned reactors include some of the world's most advanced, and China will achieve a tenfold increase in nuclear capacity to 80 GWe by 2020, 200 GWe by 2030, and 400 GWe by 2050. By comparison, the United States has 104 nuclear reactors, and 1 under construction.

## **Fresh Spurt in Nuclear Power Development in Asia**

Nov. 23 (EIRNS)—Nuclear power is gaining increasing support in Indonesia, a nation of about 180 million people that needs a huge influx of power. Wawan Purwanto, of the National Nuclear Energy Agency of Indonesia, said the country's existing nuclear power plants have a capacity of 90 megawatts (3 research reactors), but the country has the resources to build more than 30 plants, the Antara news agency reported on Nov. 22. "Every province in Indonesia has potential to develop a nuclear reactor, because there are ample material stocks and appropriate geological support," said Purwanto. "Korea, only a third the size of Java Island, has 20 nuclear reactors, and China has 30 reactors," he said.

In India, construction has begun on the Kakrapar 3 and 4 atomic power plants, near Surat in the state of Gujarat. Both reactors have been designed by the Nuclear Power Corporation of India Ltd. (NPCIL). They will be India's first pair of indigenously designed 700 MW pressurized heavy water reactors (PHWR).

Meanwhile, a research group in the United States pointed out that, after a 30-year hiatus, several utilities are planning to build nuclear capacity in the U.S. During the hiatus, the U.S. and Canada have fallen behind countries like China and Russia in building new nuclear reactors.

## **Japan To Provide Nuclear Support to Thailand**

Nov. 24 (EIRNS)—Japan Atomic Power Co. has signed an agreement with the Electricity Generating Authority of Thailand to provide support in building nuclear power plants. Thailand currently plans to construct its first nuclear plant, a 1-gigawatt facility, by 2020, and add four more by 2030.

Thailand has completed preliminary studies for building a nuclear plant, and Japan Atomic Power will cooperate on procedures involved in commissioning the project. This includes providing advice on compiling specifications for ordering components, on bidding procedures, and in training of engineers.

Japan Atomic Power cooperated in the Thai government's preliminary study and that led to the signing of the agreement. The Japanese company had previously been involved in similar work in Vietnam, which later signed contracts for two nuclear power reactors with the Japanese.

## **United States News Digest**

### **Rangel Will Fight Censure Motion**

### **U.S. Postal Cuts Hit Blacks, Rural Areas the Hardest**

### **Conservative Examiner Calls for Removal of Obama**

### **Prof. Cornel West Blasts Obama**

## **Rangel Will Fight Censure Motion**

Nov. 28 (EIRNS)—Associated Press reported today that Rep. Charles Rangel (D-N.Y.) intends to fight the censure resolution being proposed by the House Ethics Committee; he will argue to the House that the most severe punishment he should receive should be a reprimand (which would not require him to stand in the well of the House and be scolded by Speaker Nancy Pelosi). According to sources close to Rangel, he is planning to ask Ethics Committee chairwoman Rep.

Zoe Lofgren (D-Calif.) for time to argue his case on the House floor, where he will say that censure has been imposed for violations including bribery, accepting improper gifts, personal use of campaign funds, and sexual misconduct—none of which is present in his case.

*Politico* notes that Rep. Gene Green (D-Texas), who chaired the subcommittee that conducted the Rangel probe, told reporters at the end of July that the subcommittee had recommended a reprimand for Rangel. Green later retracted those comments under pressure from Lofgren.

*Politico* also reports that the House vote on the censure motion is expected to take place this week. It must take place during the lame-duck session, or the committee's action expires.

## **U.S. Postal Cuts Hit Blacks, Rural Areas the Hardest**

Nov. 26 (EIRNS)—The U.S. postal system, established as a nation-building measure in 1775 by Benjamin Franklin and the Continental Congress, is being dismantled, step by step, by today's puppets of our nation's British imperial enemies. The service has been operated as a quasi-independent agency since 1971 (another crime of Richard Nixon), required to be "self-sufficient," as if it were just any private corporation. Now, the Obama Administration is taking it further.

On Nov. 12, the U.S. Postal Service announced that it had lost \$8.5 billion in the fiscal year that ended in September. These losses occurred despite (or perhaps, because of) more than \$9 billion in cuts in the last two years, including the elimination of about 105,000 full-time jobs. The Postal Service is looking at further reduction of delivery schedules and routes, including ending Saturday delivery, and closing "unprofitable" post offices.

Rep. Darrell Issa (R-Calif.), who is set to lead the House committee overseeing postal affairs, said the USPS should urgently consider further cost cuts to help match its revenues. "Congress has an obligation to ensure that effective solutions are implemented and taxpayers don't get stuck paying for a bailout," Issa said.

This policy will cut off entire communities from service. The same process occurring with the deregulation of transport and the cutbacks in health care, will now occur in communication by mail.

National Public Radio's "Morning Edition" is broadcasting a series on Postal Service cuts, which documents this point. Today, it focused on the impact on blacks, using as an example East Cleveland, Ohio, where the only post office has been downsized from nearly 100 employees to just one. The city will lose \$100,000 in annual tax revenue from transferred and laid-off workers. Mayor Gary Norton describes how this downsizing hurts this city, where a third of the residents don't have cars: "The Post Office made a move that basically takes the people who are least able to get to the Post Office and moves it away, so when they've got large packages, when they've got certified letters, when they need to get something from the Post Office, [they] just can't do it here."

North Carolina A&T State University Prof. Philip Rubio says the Post Office cuts are particularly tough on African-Americans, who have historically made up one-fifth of the Postal Service's workforce. "The current downsizing and attrition, while it's been devastating to all postal workers, it's been especially devastating to the African-American community," Rubio says.

## **Conservative Examiner Calls for Removal of Obama**

Nov. 23 (EIRNS)—A Nov. 14 article in the *Conservative Examiner* (a news/politics website), cites the demand of LaRouche Democrat Kesha Rogers, the 2010 Democratic Congressional candidate in the Texas 22nd C.D., who called for

President Obama to be removed from office. The article points out that Rogers made it a centerpiece of her campaign to call for the removal of Obama from office, not by impeachment, which would involve a lengthy process in Congress, but by invoking the 25th Amendment, which specifies how a sitting President can be removed immediately, based upon the opinion of the Vice President and Cabinet that he is unable to fulfill the duties of office. The article says that Rogers is convinced that Obama is unfit to serve and must be removed.

## **Prof. Cornel West Blasts Obama**

Nov. 28 (EIRNS)—RollingOut.com, which covers African-American affairs, reports that "the small trickle of blacks speaking out against the policies of President Barack Obama is beginning to resemble something more along the lines of a steady stream."

It cites, as the latest former supporter of Obama to speak out against him, author and Princeton University Prof. Cornel West, who compared Obama to former President George W. Bush, in not caring about the black poor, during a Nov. 19 interview with *Democracy Now*.

"The Obama administration seems to have very little concern about poor people and their social misery," West said. "Look at the policies vis-à-vis Wall Street, downplaying Main Street; look at the policies of black farmers, a settlement already in place, but they don't want to execute it because they don't want to be associated with black folk too explicitly; look at the policies of dilapidated housing; we can go right across the board. Look at the policies of the new Jim Crow system: the Prison-Industrial Complex."

West said that in the first two years of the Obama Administration, "There is simply no mention of poor people's plight," and he went on to explain: "It's very clear that the people around President Obama, the economic team, pro-Wall Street, pro-oligarchy, pro-plutocracy in terms of preoccupation with investment bankers, very little concern about jobs ... for every day people ... very little concern about homes for everyday people, very little concern about transforming conditions that deal with some of the crime out here, with all of this terrorism taking place between poor people and other poor people...."

## **Ibero-American News Digest**

### **Mexican Indigenous Conference Supports the PLHINO**

### **Argentina Sticks It to the Budget Cutters**

## **Mexican Indigenous Conference Supports the PLHINO**

Nov. 22 (EIRNS)—Mexican indigenous organizations held a "Forum in Defense of Water" on Nov. 20, in Vicam, Sonora, which endorsed the proposed PLHINO (Northwest Hydraulic Plan). Organized by the Yaqui Communities of Sonora (which are part of the Pro-PLHINO alliance of that state), the event brought together 400 people, mainly from indigenous groups from the states of Jalisco, Durango, Chihuahua, Michoacan, the State of Mexico, and Chiapas, as well as international observers from Spain and France. Representatives of the embattled striking Cananea miners union were also present.

LaRouche movement and pro-PLHINO leader Alberto Vizcarra delivered a ten-minute speech to the gathering, in which he not only promoted the PLHINO and the North American Water and Power Alliance (NAWAPA) projects, but also blasted British financial interests represented by the World Wildlife Fund (WWF) and their Mexican agents, including Carlos Slim

(the world's richest man) and José Luis Luege Tamargo (the head of Mexico's National Water Commission). This triad, he said, wants to incarcerate us in the fatalist ideology that natural resources are running out, and that therefore, wars over their control are inevitable.

Vizcarra said it was not enough to complain about the "bad government"; we also have to organize for "good government" projects such as the PLHINO and NAWAPA. The most effective way to reverse the damage produced by the NAFTA free-trade accord, is by an alliance among Mexico, the United States, and Canada to build NAWAPA.

The inroads of LaRouche's ideas among indigenous activists and environmentalists—whom the British and their assets had previously considered their sole playground, has led to predictable hysteria on their part. The Nov. 22 *Expreso* newspaper, which circulates throughout the state of Sonora, for example, attacked the speech delivered at the event by Yaqui leader Juan Álvarez, with the silly slander that, because he had dared to argue that water should not be treated as a commodity to be speculated with, but rather as a productive economic input, it had to have been written for him by Alberto Vizcarra. The only thing missing from the speech, the *Expreso* article said sarcastically, was that "he didn't mention Lyndon LaRouche."

## **Argentina Sticks It to the Budget Cutters**

Nov. 24 (EIRNS)—Argentina's 4.6 million retirees will receive a 500-peso bonus (\$125) at the end of this year, President Cristina Fernández de Kirchner announced today. "This is a very important effort," she said, "particularly if we see this in the context of a world in which we hear talk of adjustment and eliminating benefits"—a clear reference to the IMF's policy for Ireland and elsewhere.

# **Western European News Digest**

## **100,000 Irish Rally Against Bank Bailout**

## **Election Victory May Open Next Irish Government to Sinn Fein**

## **Inter-Alpha Group Bringing Down Belgium**

## **ECB: Portugal Should Take 'Pre-Emptive' Bailout**

## **The Vultures Are Circling Over Spain**

## **Italy: Savona Calls for Debate on 'Plan B' To Dump Euro**

## **Brits Fret That Germany Could Leave the Euro**

## **Royals Biographer: 'The Queen Goes Batty Every Afternoon'**

## **100,000 Irish Rally Against Bank Bailout**

Nov. 27 (EIRNS)—Despite sub-freezing weather and overnight snowstorms, over 100,000 Irishmen and women took to the streets of Dublin today to demonstrate against the attempt to sacrifice their country to bail out the banks of the British

Empire's Inter-Alpha Group, Britain's *Guardian* reports. As the Donegal South West by-election already proved on Nov. 25, there is just no way the Irish will accept this.

The demonstrators rallied at the historic General Post Office on O'Connell Street, where the Irish Republic was first proclaimed on April 24, 1916, at the start of the Easter Rising against the British Empire. Many carried pictures of the heroes of the Irish wars of liberation.

Nonetheless, oblivious to reality, the EU-IMF-ECB delegation in Dublin is trying to wrap up a bailout agreement with Ireland's discredited Brian Cowen government this very weekend, and the EU finance ministers are to meet in Brussels beginning tomorrow to supposedly finalize it, Bloomberg reports.

Lyndon LaRouche said that the reality of the matter is that these guys are *never* going to get their money; if they keep at it this way, they are going to get riots, and bloodshed, and some current politicians are going to end up being dead politicians, because the people are going to lynch them.

## **Election Victory May Open Next Irish Government to Sinn Fein**

Nov. 27 (EIRNS)—The victory of Pearse Doherty in the Nov. 25 by-election in Donegal South West (a parliamentary district in the northwest of Ireland) is more than just a dramatic victory for the nationalist party Sinn Fein; it could begin to open the way for their entry into the next national government. With this new dynamic in Ireland, there is a very real possibility that the bailout/budget will be rejected by the population, which would sink the whole Inter-Alpha Group bailout scheme.

The Sinn Fein victory was indeed stunning. With a 55% turnout, Doherty received 40% of the vote. The ruling Fianna Fail candidate received only 21%, in a district that was considered "safe" for the party. The candidate for Fine Gael, the country's largest opposition party, got only 19%.

While the government thinks it can count on 82 votes in Parliament—which it needs to pass the budget—its real option is that the Fine Gael will either vote for the budget or abstain, since it has the same economic views as the Fianna Fail. This is based on a calculation that they think they will form the next government with the Labour Party. But the Sinn Fein victory, which is a clear indication that it could win a dramatic increase in the number of seats in the next parliament, overturns Fine Gael's calculations.

## **Inter-Alpha Group Bringing Down Belgium**

Nov. 25 (EIRNS)—Belgium is now on the debt crisis hit list. According to the London *Guardian*, the premium to insure Belgium's debt rose 5% yesterday, although it still is less than half that of Spain. The *Guardian* points to the high national debt, which is close to 100% of gross domestic product. What it doesn't mention, is the fact that Belgian banks hold \$28.8 billion (EU21.52 billion) of Irish banking debt. This is comparable to that of Great Britain, considering how much smaller Belgium is. Of this amount, the Inter-Alpha Group's KBC Bank, which has a subsidiary in Ireland, holds \$23.83 billion (EU17.8 billion), with the emphasis on mortgages, a sector known to be toxic in Ireland.

Other banks with high exposure besides KBC, are its brother Inter-Alpha bank Royal Bank Scotland, Lloyds, the Dutch bank Rabobank, and the Danish Danske Bank, which has 3% of the total credit exposure, 41% of this in mortgages in Ireland, and only 3% in government debt.

## **ECB: Portugal Should Take 'Pre-Emptive' Bailout**

Nov. 26 (EIRNS)—The chain-reaction European banking collapse continues. The European Central Bank (ECB) is pressuring Portugal to apply for a "pre-emptive " bailout. This is despite the fact that there is no signed and sealed bailout agreement with Ireland, nor has the European Financial Stabilization Facility raised any bailout funds. Besides theoretical guarantees for EU440 billion, it only has the EU31,000 in actual paid-up capital.

As with Ireland, the real issue is not Portugal's state debt or its budget deficit, but Spanish banks, which hold \$77.8 billion (EU59 billion) of Portuguese private and public debt. Bloomberg.com reports that according to HSBS, a Portuguese bailout will cost EU51.5 billion, but a Spanish bailout would cost EU351 billion.

## **The Vultures Are Circling Over Spain**

Nov. 24 (EIRNS)—London's "success" in getting the Cowen government in Ireland to announce its four-year budget plan today, promptly led to further collapses of, not just Irish, but also Portuguese and Spanish bonds. Irish yields soared above 9%; Portuguese above 7%; and Spanish above 5%.

Spain's is the more significant of the three, since it is now *vox populi* on the "financial street" that Spain is the next country on which the financial vultures will descend, and that there isn't a prayer that there will be enough money available in the European Financial Stability Facility—or anywhere else—to bail out Spain's financial system, which is headed by the Inter-Alpha Group's flagship Santander Bank.

In this environment, Lyndon LaRouche's ideas are finding fertile soil. *EIR*'s Dennis Small was interviewed on Radio Intereconomia of Spain, on Nov. 21, by investigative journalist Daniel Estulin. Afterwards, Estulin posted the entire Spanish-language translation of a recent LaRouche article on his widely followed website.

## **Italy: Savona Calls for Debate on 'Plan B' To Dump Euro**

Nov. 24 (EIRNS)— Paolo Savona, former government minister and current chairman of the Interbanking Deposit Guarantee Fund (FITD), has elaborated his call for Italy to consider abandoning the euro currency union, in interviews given in the past days. Savona compared the current EU "governance" system with a "foreign occupation," which he says the nation should get rid of.

Speaking to Radio Vaticana on Nov. 22, Savona said that the question is whether the euro will be abandoned by a willful choice or by "inevitable result." "A serious country—and I think our country is a serious country—must have a program, an hypothesis, a 'Plan B' to include this possibility.... In my view, we should open a serious debate...."

## **Brits Fret That Germany Could Leave the Euro**

Nov. 25 (EIRNS)—The British seem to be convinced that it will be Germany that bolts first from the euro-Titanic. Following Gideon Rachman's "How Germany could kill the Eurozone" in the *Financial Times* Nov. 23, David Posser, writing in the *Independent* today, makes almost the exact same points. "The threat to the euro comes not from the weakest members, but from its strongest," says Posser, "Though the single currency is more the project of Germany than anyone, the patience of its voters is dwindling.

"Remember what triggered the current phase of the eurozone crisis: a speech to the German Parliament by Angela Merkel in which the Chancellor promised to reform the rules on financial stability so as to ensure, for the first time, that investors took a share of the pain in any bailout.... Reform of the treaties governing the euro is thus essential for Germany.... In

practice, however, it is hard to imagine Germany succeeding in getting the reforms its electorate now desires. And that is the biggest threat to the European single currency right now, that next year, in frustration with its inability to deliver meaningful reform of the euro, Germany (and a handful of like-minded countries) might walk away from the project in which it has invested so much."

## **Royals Biographer: 'The Queen Goes Batty Every Afternoon'**

Nov. 21 (EIRNS)—Unofficial royals biographer Brian Hoey, whose book *We Are Amused* was released Nov. 17, told ABC's Nightline, "The fact [is] that the Queen goes batty every afternoon, and by that I mean the Queen likes to collect the bats who nest up in the higher reaches of the great hall. She brings them down with a large butterfly net on a long pole. And, of course, in Britain bats are a protected species so she has to release them. They're nocturnal animals so they come back again every night, so she does it again the next day."

*EIR* has previously reported that, emblematic of the "family values" of City of London usurers and of Prince Philip's World Wildlife Fund campaign to protect vampire bats, the Fund provides tokens in the form of stuffed vampire bats for those who donate to the WWF.

Hoey also reports that the Queen drinks a favorite cocktail, gin and Dubonnet on the rocks, *but*—she does not like to hear the ice clinking against the glass. So, "Prince Phillip did a little machine that creates tiny ice balls and they rub gently together," Hoey said.

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

### **Budget-Cutting Threatens Russian Infrastructure Projects**

### **Rothschild Overt Control Grab for Norilsk Nickel Deflected**

### **Yakunin Announces Container Shipment Accord**

## **Budget-Cutting Threatens Russian Infrastructure Projects**

Nov. 22 (EIRNS)—Reports are piling up about damage to Russian economic development from the current budget-balancing approach of Finance and "Sub-Prime" Minister Alexei Kudrin (London press dubbed him "Finance Minister of the Year"). "Crisis forces corrections in major infrastructure projects," headlined the Russian Railways outlet RZhD Partner ([www.rzd-partner.ru](http://www.rzd-partner.ru)) on Nov. 19. It reported that plans for the Industrial Urals-Arctic Urals (UP-UP) infrastructure and resource project have been reconfigured to emphasize more private investment (such as funds from Persian Gulf mini-states, according to other reports). Also this month, Russian Railways, Gazprom, and the UP-UP company signed an agreement for getting the Salekhard-Nadym rail line built, despite funding cuts.

On Oct. 15, Russian Transport Minister Igor Levitin reported, "We have not a single bridge across the Lena"—the easternmost of Siberia's great river systems. "The decision to build a bridge across the Lena was made in 2008, but now the economic situation is different, and what's being discussed is to build not a combined highway and rail bridge, but a cheaper one, highway only, in order to get it built as far as Yakutsk." The rail bridge across the Lena is a critical element of a rail line to Yakutsk and, ultimately, the Bering Strait.

The Far East online publication DV-ROSS reported Nov. 9 that modifications have been made to the federal program for

Economic and Social Development of the Far East and Transbaikalia to 2013. "Alas, not to increase it. The government resolution on implementation of the program calls for spending 337.7 billion rubles, nearly 9 percent less than planned earlier."

## **Rothschild Overt Control Grab for Norilsk Nickel Deflected**

Nov. 22 (EIRNS)—An Oct. 21 extraordinary shareholders meeting of Norilsk Nickel rejected an attempt by co-owner Oleg Deripaska to get Nathaniel "Nat" Charles Jacob Rothschild elected to the Norilsk board of directors. Supporters of the other major owner, Vladimir Potanin, prevailed in a vote against making any changes in the board.

The close relationship between Nat Rothschild and Deripaska, best known as CEO of Russian Aluminum and in-law of the late President Boris Yeltsin, goes back several years. Its highlights include the rendezvous between Deripaska and leading British figures then-Business Secretary Peter Mandelson and now-Chancellor of the Exchequer George Osborne, on Rothschild's yacht in 2008. As *Moskovsky Komsomolets* noted in reporting the Norilsk meeting, Deripaska himself is a pirate of the Caribbean: "The head offices of Rusal are registered in offshore havens under British jurisdiction: the Isle of Jersey and the British Virgin Islands. That is where, in circumvention of the Russian budget, profits from Russian aluminum production end up."

On the eve of the meeting, Nat Rothschild advertised himself in an interview with the Russian business paper *Vedomosti*: "Before World War I, the Rothschilds owned assets in Azerbaijan, but then they left. I suppose one could say that I have brought the Rothschilds back to Russia." A disingenuous statement, on both counts: 19th-Century Rothschild family involvement in Russian sovereign debt operations and politics went far beyond Baku; and Nat Rothschild's grandfather Victor and father, Jacob, were each deeply involved in Soviet and Russian affairs.

Norilsk Nickel produces one-fifth of the world's nickel, and more than half the platinum group metals.

## **Yakunin Announces Container Shipment Accord**

Nov. 24 (EIRNS)—Russian Railways President Vladimir Yakunin addressed the 5th Russian-Chinese Economic Forum in Moscow today, saying that rail freight between the two nations could rise 50% this year. Russian Railways has "agreed with China's transport minister to set up a three-party joint venture, in which German partners will also take part, in the field of container shipments." The greatest potential will be for expanding container shipments from China's northeast provinces, which have no direct access to the ocean, through Russia's Far East ports, to southern China, Japan, South Korea, and other countries, Yakunin said.

Most important, given the current fracas between North and South Korea, Yakunin said that Russia "also discussed with China's transport minister the possibility of cooperation to develop the Khasan port-Rajin rail section and the construction of a 160-kilometer track." This railway will link the Russian border town of Khasan, with North Korea's Rajin port. Just before the G20 summit in Seoul Nov. 9, Russian President Dmitri Medvedev had said that three-party projects among North and South Korea and Russia—especially this rail project—would help normalize the situation on the peninsula.

Russian Railways is "paying close attention to improving transport provision and developing rail and terminal-logistic infrastructure on the main freight routes between Russia and China," Yakunin said. They are developing rail infrastructure in Siberia and Russia's Far East, having invested over 12 billion rubles in 2009, and spending another 13 billion rubles this year. Under the program for cooperation between the Russian Far East and Siberia, and northwest China up to 2018, Russian Railways will also help open a new border crossing to China, from Nizhneleninskoye to Tongjiang across the Amur River, and reconstruct the existing Birobidzhan-Leninsk line.

# Southwest Asia News Digest

## Iran Assassinations: LaRouche Says, Look to Israeli Hand

## Parliamentary Opposition to Ahmadinejad Moves with Impeachment Petition

## Perle Calls for Regime Change in Iran

## Yitzak Rabin's Son Launches 'Israeli Peace Initiative'

### **Iran Assassinations: LaRouche Says, Look to Israeli Hand**

Nov. 29 (EIRNS)—Today two Iranian nuclear scientists were attacked, one of whom was killed, while on their way to work. Bombs were magnetically attached to each of their cars as they were moving, by "men on motorcycles," detonating within seconds. Iranian President Mahmoud Ahmadinejad quickly blamed the attacks on foreign powers, saying that "undoubtedly the hand of the Zionist regime and Western governments is involved." Iran's nuclear chief, Ali Akbar Salehi, warned the West not to "play with fire." "There is a limit to the Iranian nation's patience and if we run out of patience the enemy will suffer adverse consequences. Of course we still maintain our patience."

Lyndon LaRouche responded: "The Iranian operation was Israeli, or somebody doing it for them—it makes no difference. It's obvious. You've got a nut there in Israel, the Prime Minister, who's running the government, so what do you expect? Everybody was warned that this guy is a nut; and he's acting like a nut. And he's talking like a nut. He may *be* a nut! Who's kidding whom? That's the timing of the thing. It has to be assumed that: It's the first likelihood. [The Israelis] would be the first to cheer for it. Either they did it themselves, or they got somebody else to do them a favor."

Both Dr. Majid Shahriari, who was killed, and Dr. Fereydoun Abbasi (hit simultaneously, but not killed), were from the nuclear engineering department at Shahid Beheshti University in Tehran, and both had strong connections with ruling regime. Shahriari taught at the Iranian Army's Supreme National Defense University, and was "in charge of one of the great projects" at Iran's Atomic Energy Agency, according to Salehi. Abbasi is "one of the few specialists who can separate isotopes," according to an AFP wire.

On the timing, it should be noted that, on Nov. 27, Iran announced that it had completed loading fuel into its nuclear plant in the city of Bushehr, and that it would start operation in January.

An Arab source who has been closely following developments inside Iran described it as a "full-scale clandestine war," which, he said, the British are also deeply involved in. "The British Empire still considers Iran as part of its possessions. They have all the assets that have the capability for sabotage and assassinations, from groups on the ground like the Jundallah, to exile networks—throughout the Gulf and some headquartered in London—whom they've been tracking and recruiting forever. Israel and anyone else conducting these kinds of operations would have backup from British intelligence." He cited other recent incidents, including the bombing of a newly opened petrochemical plant.

### **Parliamentary Opposition to Ahmadinejad Moves with Impeachment Petition**

Nov. 23 (EIRNS)—Conservatives in Iran are moving inside the Majlis (parliament) to impeach Iranian President Mahmoud Ahmadinejad—the first time impeachment has been discussed since the creation of the Islamic Republic in 1979. A U.S. source who has carefully watched the Iranian opposition that challenged Ahmadinejad in the 2009 election, confirms that

the petition is circulating, and commented that one of the ironies about the Iran situation is that a grouping of Shi'ite clerics—including Conservatives—opposes Ahmadinejad's policies, including the brutal attacks against unarmed civilians during demonstrations by the Basij militia and the Revolutionary Guard. The role of Shi'ite clerics in reforming Iran goes back for more than a century to the 1906-11 fight for a constitution, the U.S. expert noted. (Iran today is 89% Shi'ite, and the religious hierarchy is Shi'ite.)

According to a report by Iranian journalist Farnaz Fassihi in the *Wall Street Journal* today, members of the Majlis have launched a new petition to bring a debate on the impeachment of the President out in the open. Fassihi reports that the parliament had planned to impeach Ahmadinejad, but "refrained under orders from Supreme Leader Ayatollah Ali Khamenei, exposing a deepening division within the regime." The Majlis, like the government, is under the majority control of the Conservatives, but in recent months, leading Conservatives such as Majlis Speaker Ali Larijani have been very critical of Ahmadinejad. Larijani's brother, Justice Sadegh Larijani, head of the Judiciary, has criticized Ahmadinejad for usurping the power of parliament. Ali Larijani has begun to look at Ahmadinejad as a "liability," reports Fassihi.

Despite Ayatollah Khamenei's intervention, the impeachment effort took on new life on Nov. 22, when "four prominent lawmakers" laid out the charges against the President that were contained in a report released in the Conservative press the day before.

The lawmakers accused Ahmadinejad "and his government of 14 counts of violating the law, often by acting without the approval of the legislature. Charges include illegally importing gasoline and oil, failing to provide budgetary transparency and withdrawing millions of dollars from Iran's foreign reserve fund without getting parliament's approval," wrote Fassihi.

## **Perle Calls for Regime Change in Iran**

Nov. 22 (EIRNS)—Neoconservative warhawk Richard Perle was the keynote speaker today, at the Potomac Institute for Policy Studies in Washington, at an event on U.S. policy on Iran. Though expressing views much more restrained than his 1996-2003 lobbying for the war on Iraq, Perle is still demanding U.S. support regime change in Tehran. Perle made sweeping, unsupported claims about the threat supposedly emanating from Iran (reminiscent of those made about Iraq before the 2003 invasion), on the alleged impossibility of negotiating with the regime, and on the "massive dissatisfaction" in the Iranian population with the regime, making the country, therefore, ripe for a U.S.-supported uprising against the government.

The two speakers who followed Perle, Barry Blechman of the Stimson Center, and Anthony Cordesman from the Center for Strategic and International Studies, cut his feet out from under him, but that is not deterring Perle and others from the Dick Cheney preventive war cabal, who are counting on circles in the Republican Party to back a new Iran war.

## **Yitzak Rabin's Son Launches 'Israeli Peace Initiative'**

Nov. 26 (EIRNS)—Echoing his father's call for the "peace of the brave" in 1993, Yuval Rabin, son of slain former Israeli Prime Minister Yitzak Rabin, along with businessman Koby Huberman, have unveiled an "Israeli Peace Initiative" (IPI) as a "new approach [that] is therefore needed to ensure that the [peace] process reaches its destination while the impact of the spoilers is gradually minimized." Rabin and Huberman's article appears in *Bitter Lemons International*, a forum that advocates a Palestinian state, and equal rights for Palestinians in Israel, the Occupied Territories, and in the Diaspora. Titled "The IPI, a Pragmatic 'Yes' to the Arab Peace Initiative," argues that "Whether Israelis and Palestinians resume talks for another 90 days, and definitely if talks fail, it's time to face the inevitable conclusion: Permanent status agreements are unlikely to be achieved through bilateral negotiations without a regional context, either as a cementing element or as fallback."

Without saying the obvious—that Obama's peace talk efforts are a disaster—they announce that a "detailed IPI text will be published soon in English, Hebrew, and Arabic."

The initiative will propose "a viable Palestinian state based on the 1967 borders and one-on-one land swaps, Jerusalem as the home of two capitals, and special arrangements in the Jerusalem "Holy Basin," an agreed solution for the refugees inside the Palestinian state (with symbolic exceptions), mutual recognition of the genuine national identities of the two states as the outcome of negotiations and not as a prerequisite, reiteration of the principles underlying Israel's 1948 Declaration of Independence regarding civic equality for its Arab citizens, and long-term security arrangements with international components."

There are also detailed "end-of-conflict scenarios" for Syria and Lebanon, and "regional security mechanisms" and "a vision for regional economic development, and parallel evolution toward regional recognition and normal ties."

Rabin and Huberman identify themselves as "businessmen" who want normal regional ties.

"The ideas in the IPI are not what we Israelis have been dreaming and hoping for, as they represent a major shift from our collective ideology," they write. "Accordingly, Israeli society will find them difficult to digest. But we believe Israeli society can face up to these challenges...." Having been in regional discussion for 18 months, they call upon "brave regional and international leaders" to join their effort.

## Asia News Digest

### [U.S. Korean Experts Denounce Failure of Obama on Korea Policy](#)

### [Obama to Karzai: We Are in Charge](#)

### [China Building Rail Connections Across Southeast Asia](#)

### [China to Russia: Build Big Projects, Defend National Interests](#)

## U.S. Korean Experts Denounce Failure of Obama on Korea Policy

Nov. 23 (EIRNS)—Following the exchange of artillery fire in the West Sea contested region off the coast of North Korea today, and North Korea's recent revelation of its uranium-enrichment program, U.S. Korean experts Jack Pritchard (former special envoy to North Korea for Presidents Bill Clinton and George W. Bush), Bob Carlin (a former top U.S. intelligence official on Korean issues), and nuclear expert Siegfried Hecker ripped into the Obama Administration for continuing the failed policies of the Bush-Cheney years, leading to the current crisis. Bush and Cheney, in 2001, ripped up the successful "Agreed Framework" negotiated by the Clinton Administration in 1994. All three experts spoke today at an event sponsored by the Korea Economic Institute in Washington.

Hecker, who was shown the completed facility for low enriched uranium (LEU) and the light water nuclear reactor (LWR) now under construction on a visit to North Korea on Nov. 12, insisted that the LEU and LWR are clearly meant for electricity, not weapons, since the better path for weapons production would have been to reopen the gas graphite reactor (which produces bomb-grade plutonium), which could be accomplished in about six months. While enriching uranium to bomb grade (90%) rather than reactor grade (3.5%) is feasible with centrifuges, it would be a very long process and not efficient compared to the route that was *not* taken, via the gas graphite reactor.

Hecker concluded: "The U.S. needs a policy review of our North Korea policy—there has been none since 2000."

Carlin, who played a central role in negotiating the Agreed Framework in 1994, ridiculed the outrage by the White House and others over the North Korean "revelations." "Remember," he said, "North Korea has always demanded a light water reactor, for electricity, in exchange for closing their plutonium-producing graphite reactor. We were going to build one for them, with the U.S. having *full control of the fuel*—we would bring it in, we would take it out—with IAEA inspectors on the scene every step of the way. We [the Bush/Cheney Administration] scrapped that in 2001. All that remains is this hat" [pulling out his old hat with the KEDO logo, the Korean Peninsula Energy Development Organization, which was building the LWR facility]. We had a bite of that apple once."

Asked what response he expects in Washington, Cardin said, "I *hope* they realize that the policies they are following need serious reconsideration. Are they ready to do that? I just don't know."

Pritchard concurred. He said that the Chinese have always advised Washington that "if we were not talking to the North Koreans, bad things will happen, but if we were talking to them, those things are less likely. I don't think the Administration will respond on that advice."

## **Obama to Karzai: We Are in Charge**

Nov. 23 (EIRNS)—President Obama's increasingly erratic behavior was on display in Lisbon at the NATO Heads of State summit meet last week, when he fell into a quarrel with Afghan President Hamid Karzai. Obama made a sudden turn-around from his earlier agreement with Karzai.

Karzai made clear that he resents the fact that his elected government cannot veto certain NATO methods, such as night raids on Afghan homes in search of Taliban fighters, raids that sometimes terrorize a household and/or result in civilian casualties. He also dislikes the fact that so many foreign workers operate outside his government's control. To him, the 1,500 workers in the U.S. Embassy in Kabul seem like the rulers.

Initially, Obama appeared to sympathize, saying Karzai is eager "to reassert full sovereignty." But, suddenly he pointed out that the United States won't allow al-Qaeda to return to Afghanistan, that the U.S. is spending billions to develop the country, and that more NATO troops would be killed without the use of tactics like night raids.

"We have to listen and learn," Obama said. "But he's got to listen to us as well."

## **China Building Rail Connections Across Southeast Asia**

Nov. 22 (EIRNS)—Construction of a high-speed rail link from Kunming, capital of China's Yunnan province, to Yangon, Myanmar's largest city, part of a project to upgrade transport connections with Southeast Asian nations generally, will start in about two months, a rail expert said. The line will be 1,920 kilometers long, said Wang Mengshu, a professor at Beijing Jiaotong University. Trains will run at about 170-200 km/h once the project is completed.

Wang told *China Daily* that a high-speed rail connection between southwestern China and Cambodia is also under discussion. An exploratory survey for another route that would link Yunnan and Vientiane, the capital of Laos, is underway. These three connections, along with another linking China and Vietnam, will form a network that is likely to be completed within 10 years, Wang said, and will greatly enhance the economic development of China's western regions.

There are also discussions between Thailand and China for a massive upgrading of Thailand's rail network, to modern high-speed standards. These are North-South routes which will eventually be continued down the Southeast Asia peninsula to Singapore. Ultimately there will be a leap across the straits to the Indonesian island of Sumatra and over to the city of Jakarta on Java. Plans for the development of a major deep-water port at Tavoy (Dawei) in Myanmar's south include a major rail link, tentatively named the South-South Corridor, to cross from the Indian Ocean over to the Pacific in Southern Vietnam.

## **China to Russia: Build Big Projects, Defend National Interests**

Nov. 24—Today in Moscow, Chinese Prime Minister Wen Jiabao said that China and Russia have to promote large projects and expand mutual investment. "China will encourage its enterprises to take an active part in Russia's economy in fields such as infrastructure, power network reconstruction, and high-speed railway," Wen said in his keynote address to the 5th Russian-Chinese Economic Forum, co-sponsored by the Chinese Ministry of Commerce and the Russian Economic Development Ministry, and attended by hundreds of representatives of both nations.

China and Russia both have the responsibility to defend their interests, Wen had said yesterday at his joint press conference with Russian Prime Minister Vladimir Putin. The international financial crisis has left far-reaching fallout, he said, and both Beijing and Moscow are facing a variety of challenges. China supports its financial institutions in launching investment projects in other nations, such as Russia, Wen said, and Beijing will create favorable conditions to boost China-Russia investment projects. He also called for expanded cooperation in space science, nuclear power, and bioengineering. Wen said Beijing wants to increase cooperation with Moscow in Northeast Asia, Central Asia, and the Asia-Pacific region, as well as in major international organizations.

The 4,300-km border zone is a focus, Wen said. The "development of border economic relations with Russia is China's strategic priority. Our common purpose is to improve living standards of the population in the Far Eastern regions." This is a crucial region for the development of mineral-rich northeastern Eurasia, since the Russian population and infrastructure in the Far East is extremely sparse.

Russia and China will lift restrictions on use of the yuan and ruble in joint trade by the end of the year, Putin said yesterday. This is hardly any big move away from the U.S. dollar, however. Joint trade is limited, worth just about \$45 billion so far this year, while China holds some \$2.5 trillion in foreign exchange reserves, a large part in dollars. Russia holds about \$500 billion.

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[top of page](#)

[home page](#)