

[return to home page](#)

A Matter of Principle
Alexander Hamilton's Economics Created Our Constitution
by Nancy Spannaus

Dec. 6—Contrary to the views of nearly all economic experts, there is a simple reality which thinking Americans must face in the midst of this unprecedented breakdown of the financial and physical economy: First, that the key to reversing this global crisis, which threatens civilization itself, can be found in the principle behind the economic measures of America's first Treasury Secretary, Alexander Hamilton. Second, that that principle is firmly embedded in the U.S. Constitution itself. There will be those who yell and scream about this assertion. Both Wall Street financiers and unwashed populists will insist that Hamilton was an elitist who copied the British System, and that his institution of national banking and government promotion of manufactures and internal improvements was a violation of the free-trade system which has supposedly been responsible for our prosperity as a nation. But, they lie. For Hamilton was the intellectual author of the U.S. Constitution itself, and its unique principle of using a credit system, based on national sovereignty, to foster capital formation for technological progress.

Hamilton's genius in economics was evident from almost immediately after he came to America's shores in 1772. By 1774, he was already writing anti-British tracts which contained the germ of the concept of national physical economy...

Separate In-Depth articles from
Executive Intelligence Review
Vol. 37, No. 48

(Suitable for emailing, printing and other organizing purposes.)
[...Requires Adobe Reader®.](#)

This Week's Cover

- **A Matter of Principle:**
Alexander Hamilton's Economics Created Our Constitution
By Nancy Spannaus

Hamilton's genius in economics showed itself early on, but reached full maturity in his three famous Reports to Congress, in which he asserted that the chief driver for economic development was the inventiveness, or power of the human mind, expressed through the increase in the use of 'artificial labor' (i.e., machinery), and was enhanced by the development of infrastructure. These ideas, which stood in sharp contrast to the bestial 'free-trade' ideas of Adam Smith, were informed by the political-economic ideas of Gottfried Leibniz. Faced with British determination to suppress any such development, the Founders knew they had to establish institutions that would support such independence and economic growth. The result was the U.S. Constitution.

Economics

- **A Vacancy at the Top**

On Dec. 1, the Fed was finally forced to release some of the records of its secret, taxpayerfinanced bailout of Wall Street banks and wealthy individuals over that period. But, the real surprise was that the secret bailout had not been aimed primarily at Wall Street at all, but at foreign banks.

- **What Is Sinn Féin?**

The American System versus British Geopolitics in Ireland

In this reprint from The New Federalist of Jan. 9, 1995, Paul Gallagher draws the parallel between the historic ceasefire between Northern Ireland and their British overseers, reached in August 1994, and the events of 1920-21, when the Irish nationalist movement led by Sinn Féin, and backed by the U.S.A., forced the British Crown to cease military operations, and sign a treaty.

- **Henry Carey on the British Empire's Enslavement of the Irish People**

An excerpt from American System economist Henry C. Carey's 1853 *The Slave Trade, Domestic and Foreign: Why It Exists and How It Can Be Extinguished*, Chapter XIII, 'How Slavery Grows in Ireland and Scotland.'

International

- **The Crucial Strategic Issue of This Moment:**

A Lot of Plain Facts

by Lyndon H. LaRouche, Jr.

Every war the United States has ever been obliged to fight has been the fruit of the imperial policy of reign-and-ruin by the British Empire. The current British rape of Ireland is nothing but a naked reflection of the potential fatal error of subjecting the economies of nations to the syphilis known as monetarism.

- **Obama Signs on to Britain's Plan for Indefinite Stay in Afghanistan**

President Obama's designed-in-London Afghan policies dovetail precisely with those of Britain's Af-Pak Ambassador, Sherard Cowper-Coles, who has called for a U.K. presence there for 30 years.

- **Eyewitness Report:**

LaRouche's Ideas Are Warmly Welcomed in Embattled China

- **Greening the Desert in Northern China**

- **Duke of York & '9-11':**

Some Things Just Leak Out

By Lyndon H. LaRouche, Jr.

- **Documentation:**

Who Is Andrew, Duke of York, Anyway?

- **Prince Bandar and 9/11**

National

- **Obama Takes His Revenge on Veteran Rep. Charlie Rangel**

The shameful and unjust censure of the Korean war hero, and 40-year veteran of the House of Representatives, facilitated by Obama's handmaiden Pelosi, was political pay-back for Rangel's support for Hillary Clinton in the 2008 Presidential campaign.

- **Rep. Peter King:**

The Severe Penalty Is Not Warranted

- **Rep. G.K. Butterfield:**

No Evidence of Corrupt Conduct

- **Rep. Charles Rangel:**

'I Am Going To Be Judged by My Life'

- **British Legal Attacks Against Lyndon LaRouche Exposed as Frauds**

A LaRouchePAC release of Dec. 3, titled, 'The Mighty Wurlitzer Implodes: British Legal Attacks Against Lyndon LaRouche Exposed as Frauds.'

Editorial

- **Get on the NAWAPA Bandwagon!**

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

Pittsburgh Lawsuit May Open Pandora's Box Full of Mortgage Securities Fraud

Collapse Doesn't Produce Jobs; Economists Are Surprised

Another AIG Shell-Game Exposed by Federal Reserve Disclosures

Pittsburgh Lawsuit May Open Pandora's Box Full of Mortgage Securities Fraud

Dec. 4 (EIRNS)—Recently, a Pennsylvania judge refused to dismiss certain claims in a lawsuit filed by the Federal Home Loan Bank (FHLB) of Pittsburgh against JPMorgan Chase and Countrywide Financial (now owned by Bank of America). The suit alleges that JPMorgan and Countrywide provided incomplete and inaccurate information about the risks associated with \$2.8 billion in mortgage-backed securities (MBS) that they had sold to FHLB, which FHLB is now demanding be bought back by the sellers. There is a tidal wave of such MBS "buy-back" demands across the country facing the fraudsters.

While the judge sided with the defendants (including the major ratings firms) on some of the bank's claims, he let stand the claim of fraudulent misrepresentation. "I cannot conclude that the information and warnings in the offering statements bar plaintiff's misrepresentation claims," wrote Judge R. Stanton Wettick Jr. in the Nov. 29 opinion. The bank claims it would

not have bought the bonds if JPMorgan, which sold them, and the ratings companies, had provided complete and accurate information regarding the risks of nonpayment, the judge said in his description of the complaint.

This suit, and others that the Federal Home Loan Banks of Seattle, Chicago, San Francisco, and Indianapolis are also pressing, has the potential to unravel the entire mortgage scam, since the entire mortgage market was, and is, based on just such fraudulent misrepresentation.

Collapse Doesn't Produce Jobs; Economists Are Surprised

Dec. 3 (EIRNS)—After "business economists" across the board forecast that the U.S. economy would grow by a net 150,000 jobs in November, the Labor Department estimated in its report today that it was only 39,000—and of those, 34,000 were "virtual" jobs, imputed by the Department's computers, and thus probably don't exist.

The government reported that public-sector employment fell by another 11,000 jobs, as a result of primarily state and city cutbacks, while private employers supposedly added 50,000 jobs (most of them probably the fictitious creations noted above). It was a miserable report, showing again that in an economic collapse, money-printing for the stock market doesn't add up to employment.

The official unemployment rate rose to 9.8%, from 9.6% in November. The employment/population ratio fell another .2% to a record low 58.1%. Real unemployment/underemployment is well over 30 million, and more than 500,000 Americans have dropped out of the labor force since September.

The Labor Department's "Household Survey" gave a grim picture again in November. It estimated that actual unemployment grew by 276,000, employment fell by 172,000, and another 82,000 Americans dropped out of the labor force in discouragement. During, roughly, Barack Obama's second year in office (November 2009-November 2010), the number of officially unemployed, and employed, have each stayed about the same; but the number of Americans dropped out of the labor force has jumped by 1.7 million in those 12 months.

Another AIG Shell-Game Exposed by Federal Reserve Disclosures

Dec. 2 (EIRNS)—New details on the AIG bailout from Federal Reserve documents reveal that 11 of AIG's life insurance units had been letting hedge funds and other traders borrow securities from their investment portfolios. Instead of keeping the collateral, AIG sought higher yields by reinvesting it in mortgage-backed securities. This was all conducted entirely off the balance sheet by insurers in half a dozen states.

When the value of the mortgage-backed securities plunged in Sept. 2008, AIG and its insurance units did not have the resources they needed to settle with those who had borrowed their securities.

Forty percent of the money that the Fed lent to AIG was tied to this. The Fed lent AIG \$20.5 billion in cash just to settle those mortgage-backed securities trades. As collateral, the Fed took about \$24 billion of the insurance companies assets. This was illegal since insurance assets are held to secure policyholders' claims and are not supposed to be encumbered or pledged.

In light of this disclosure, the Dec. 2 *Wall Street Journal* lead editorial, "The Fed's Bailout Files," reports that members of the Federal Reserve had presented to Treasury Secretary Ben Bernanke a memo opposing a bailout, which the Fed continues to resist disclosing. The editorial reads in part: "Why did Messrs. Geithner and Bernanke insist on bailing out AIG, despite apparent resistance within the Fed? The central bank still refuses to release a memo to Mr. Bernanke from the

Fed staff, which Senator Jim Bunning has said made the case that an AIG bankruptcy was not a systemic risk. The Fed and other regulators have continued to stonewall document requests on these cases...."

Global Economic News

China To Build a Hybrid Reactor, as Bridge from Fission to Fusion

Euro Guillotine Threatens France; Will It Junk the Euro?

China To Build a Hybrid Reactor, as Bridge from Fission to Fusion

Dec. 3 (EIRNS)—Speaking in Washington on Dec. 1, at the annual meeting of Fusion Power Associates, Academician Yuanxi Wan explained China's long-term view for energy development, from nuclear fission to fusion. His was the most anticipated talk of the meeting, as the European Union struggles to come up with its pledged funding for the international ITER tokamak facility being built in France, and the U.S. representatives could only wring their hands, waiting for the budget axe to fall, once again.

Dr. Wan, who is Dean of the School of Nuclear Science and Technology in Hefei, as well as an Academician in the Chinese Academy of Sciences at the Institute of Plasma Physics, reviewed the recent results of the EAST tokamak, which is the world's first tokamak using all superconducting magnets. He also outlined China's contributions as a partner in ITER, at a level of about \$1 billion over the next ten years.

China's domestic energy program is based on an ambitious expansion of nuclear fission reactors, he said, but these present challenges at both the front and back end of the nuclear fuel cycle. Dr. Wan said that there will not be enough fuel for China's nuclear program, and even breeder reactors, which China is building, are "not enough." China's fusion scientists have proposed to design and develop a Fusion-Driven Hybrid Multi-Functional Reactor as a support for fission, and an interim step toward full energy-producing fusion reactors. The hybrid reactor could also be used to transmute the spent fuel of the nuclear power plants.

The plan is to continue to carry out experiments on the EAST tokamak, while working on ITER, and to propose the hybrid project to the government in about five years. In an interview with *EIR*, Dr. Wan observed that there is a fusion competition in Asia, especially between China, South Korea, and India (all are partners in ITER, in addition to their domestic programs), but that there is also cooperation among the programs. China sees fusion as a technology that must be developed universally, and Dr. Wan thanked the American fusion scientists who were present for their help on China's program, and stressed the need for international cooperation.

Euro Guillotine Threatens France; Will It Junk the Euro?

Nov. 29 (EIRNS)—"Financial Crisis: France Threatened," is the headline of Nov. 29 issue of the weekly *Le Journal du Dimanche*, with an article making the standard arguments for accepting more austerity to avoid "contagion." But a second piece on the same page, under the headline "The Euro Will Pull Us into Some Sort of Chaos," is an interview that *JDD* conducted with Philippe Simonnot, author of a new book, *The Day France Will Leave the Euro*. Simonnot says:

"France's debt is no longer sustainable. We can't pull out of the current situation. The more they harden the austerity plans, the more growth recedes and the less wealth creation there is. The result: The burden of debt in proportion to wealth continues to grow.... The euro is an absurd idea of Eurocrats and central banks which grabbed power by creating a common

currency and interest rate. Remember that at the beginning of the Common Market, not a single of the founding fathers envisioned a single currency.

"In the 1950s, whenever [France's] competitiveness was threatened, it would devalue its currency. It can no longer do that today, because our country has become de-industrialized and agriculture has been taken down. Therefore, we should leave the euro in an orderly fashion, and return progressively to parity with gold. Technically, this is feasible. But the Eurocrats will try to save their system to the bitter end. Their power is at stake. But I can tell you that the hundreds of billions of euros they expect to mobilize to save it will be squandered faster than you can think. And will go for nothing."

United States News Digest

Lugar Confirms Obama's Fascist Alliance with GOP Against Dems

Catfood Commission Can't Muster Votes; Proceeds with Fascist Agenda

'Mad Hatter's Banking Committee' Throws Up Its Hands at Housing Collapse

Congressional Inaction Means More Hungry Americans

Kucinich Blocks His Own Hearings on Fed Quantitative Easing

Lugar Confirms Obama's Fascist Alliance with GOP Against Dems

Dec. 5 (EIRNS)—Lyndon LaRouche was right again in his forecast of an Obama-Republican post-election alliance around fascist austerity. LaRouche warned that this, as well as huge election losses, would occur if the Democrats did not move to enact Glass-Steagall before the November election.

Republican Sen. Richard Lugar (Ind.) outlined this fascist alliance today on CNN's State of the Union. Discussing the prospects for ratification of the new START treaty, Lugar said he believed START would be ratified, explaining: "A strategy that brings us to [a vote on START] now has pretty strong bipartisan support, starting with the President, and then Senator McConnell and others—I hope Senator Reid. Namely, that we tackle the taxes, both taxes on all Americans, capital gains, extenders, what have you. Secondly, that we either have a continuing resolution which keeps our government going, or a comprehensive omnibus spending bill, which incorporates all of the appropriations bills. And thirdly, that we take up the START treaty.

"Now the problem with this, I think, is that Senator Reid, the Majority Leader, has found that many Democrats don't want something quite that abrupt. They say [to Obama—ed.], 'We made a lot of promises out on the campaign trail. We ... demand, that certain things come up, all sorts of things, across the board. Don't cut us out of this.'

"Now, the President is putting very strong pressure to cut them out of this. And they are resentful of that, as a matter of fact. So, as a result, we're on the threshold, if we get this program, one, two, three, [of] debating the START treaty...."

Obama is in collusion with Republican fascists like Sen. Rand Paul (Ky.). But a CBS poll shows that a majority of Americans, and half of all Republicans, oppose the extend-all-tax-cuts deal Obama is preparing to give the GOP. The Republican demand to extend all Bush tax cuts is supported by less than half (46%) of self-identified Republicans, only

25% of Independents, and almost no Democrats. Overall, just 26% of the population supports it. But 53%—including 47% of Independents and 41% of Republicans—supports ending tax cuts for those who earn over \$200,000 per individual/\$250,000 per married couple.

Catfood Commission Can't Muster Votes; Proceeds with Fascist Agenda

Dec. 3 (EIRNS)—After a little over an hour of speeches, the Fiscal Commission created by the Inter-Alpha Group's Peter Peterson and President Obama, adjourned today without taking a vote or even announcing a final vote—because co-chairmen Alan Simpson and Erskine Bowles knew that they didn't have the required 14 votes to take it to Congress and force a floor vote on their fascist recommendations in the Congressional lame-duck session. The votes within the Commission were apparently 11 for and 7 against. Four of the 18 Commission members were not present, but had communicated their votes to Simpson and Bowles.

But Bowles and Simpson continue to boast that they have got control of the people who will write the budgets in the next session of Congress, and that 80-85% of their recommendations for spending cuts will be incorporated in the new budgets.

Talking to reporters, Bowles said that White House budget director Jack Lew had called him this morning and said that he and Treasury Secretary Tim Geithner want to meet with the Commission as a whole as soon as possible. Along the same lines, Sen. Kent Conrad (D-N.D.) said afterwards that there should be a summit of the White House and Congressional leaders to take up the Commission's recommendations and figure out how to ram them through Congress.

'Mad Hatter's Banking Committee' Throws Up Its Hands at Housing Collapse

Dec. 1 (EIRNS)—Members of Senate Banking Committee, chaired by Chris Dodd (D-Conn.) shouted and waved their arms at a panel of Federal regulators today, demanding to know, "What are we doing?!" to stop a new collapse in housing/real estate values. Though the announced subject of Dodd's hearing was the mortgage foreclosure crisis, it was the new "second plunge" in housing prices and sales about which the Senators were emoting—none so much as the soon-to-disappear Dodd, who is retiring in January.

Senators Jim Bunning (R-Ky.), Jack Reed (D-R.I.), Evan Bayh (D-Ind.), and Dodd kept referring to "bankruptcy judges getting tough on foreclosures"—as if this were the problem threatening a new real estate collapse—after the exposure this Fall of mass mortgage/securities fraud by the biggest U.S. banks and Wall Street houses. A very recent New Jersey bankruptcy court case spooked them most. Reed pointed to "possible tax law violations, possible securities law questions, threats to the banks' valuations—are there systemic effects here?" Bob Corker (R-Tenn.) asked every regulator, "Are we facing systemic threats?" The Senators directed most questions to FDIC chair Sheila Bair, whom they seemed to consider the most sentient about the real world where collapse threatens. Bair said her agency didn't see systemic signs yet, but was worried and vigilant: "We're thinking of a 'standardized super-mod [mortgage modification]. But we have to have a functioning foreclosure process," was her answer.

Dodd closed the panel with a rant that the Financial Services Oversight Commission, the regulators' super-panel created by the Dodd-Frank bill, had done nothing to stop *whatever* was causing housing to plunge again. "We've had months looking at this," he shouted. "We haven't come up with a thing! It's a big problem; it's obviously systemic! What are we doing?! What have you been discussing to solve this?!" The outburst recalled the chaotic end of the Mad Hatter's Tea Party.

Congressional Inaction Means More Hungry Americans

Nov. 30 (EIRNS)—Barring some miracle in Congress, extended unemployment benefits will run out for some 800,000

Americans at midnight tonight, and for a total of 2 million by the end of December. What Republicans in Congress who are railing at the \$12 billion "cost" of proposals to extend benefits don't seem to care about, is that failure of Congress to act, will mean that more Americans, including children, will go hungry. Vicki Escarra, the CEO of Feeding America, a network of 200 food banks that feeds 6 million people every month, told *Huffington Post* reporter Arthur Delaney, "I can assure you, if these unemployment insurance benefits are not reinstated, we'll see these numbers go up." Escarra added that "Middle class families ... have lost homes, who have lost jobs, who have any kind of illness.... They don't have any disposable income. The only area they can really give is around food, which is why we're seeing such an increase in mothers and dads going without meals and making sure their children have food...."

Escarra's point is reinforced by Cynthia Carranza, the director of the Niles Township Food Pantry, in the Chicago suburbs. Carranza told the *Pioneer Local* that she's never seen demand for food as high as it is now, in the five years she's worked there. In the three days before Thanksgiving, the pantry gave away "rooms full" of food and served food for more than 800 families, 200 of them on the last day. "I just didn't think it would get that bad," she said. "I saw more desperation than I have ever seen before. It was just unimaginable, the desperation I was seeing on people's faces." She noted that many of the people served were first-time users who had previously been employed.

Meeting this growing need is becoming more difficult as food has become less available and more expensive. Imagine how much more difficult it will be when unemployment benefits run out for 2 million more people.

Kucinich Blocks His Own Hearings on Fed Quantitative Easing

Nov. 29 (EIRNS)—Rep. Dennis Kucinich (D-Ohio) has announced that he is postponing hearings set for Nov. 30 before his House Government Oversight subcommittee on domestic policy, on the Federal Reserve's hyperinflationary Quantitative Easing swindle. No new date for the hearings has been set.

Among those scheduled to testify at the hearings were representatives of the Congressional Research Service, the Center for Economic Policy and Research, the American Enterprise Institute, Wartburg College, and the American Monetary Institute, but not the Federal Reserve.

A staffer at the subcommittee office told *EIR* that the reason for the postponement had to do with "witness issues." Purportedly, the idea was to give someone from the Fed the opportunity to testify. More reliable sources noted that the Fed and others were leaning heavily on Kucinich not to proceed.

As a *Wall Street Journal* blogger noted, "President Barack Obama and other Congressional Democrats, including Oversight committee chairman Edolphus Towns, have defended the Fed's latest intervention in the economy [the plan for the Fed to purchase \$600 billion]. Kucinich, who has sponsored legislation to audit the Fed or let the Treasury Department swallow it whole."

The lead banner of Kucinich's campaign website proclaims him to be "America's Most Courageous Congressman." His courage seems to have reached term limits.

Ibero-American News Digest

[LaRouche: The BRIC Is Bringing Down the Global Financial System with It](#)

[Brazilian 'Bolha' Imploding](#)

Estimated 1 Million Cases in Haiti's Cholera 'Tsunami'

Dark Ages Breakdown in Haiti

LaRouche: The BRIC Is Bringing Down the Global Financial System with It

Dec. 4 (EIRNS)—The whole international financial system is coming down, in a chain-reaction fashion, and it is happening *now*, Lyndon LaRouche stressed today. The emerging picture of the imploding Brazilian credit bubble and banking system, LaRouche noted, is simply making clear what I've said all along: that the BRIC—the Brazil, Russia, India, China grouping that Goldman Sachs created to keep the Big Three Asian giants in London's orbit—is the weak point in the Ponzi scheme set up by the Inter-Alpha Group of banks going back to 1971, and things tend to break apart at their weakest point.

The whole world system, centered on the Inter-Alpha Group, is now coming down. There is nothing they can do to prevent it, except to try to establish fascist dictatorships, but that won't work either at this point—we are beyond that. The only thing that will actually work, LaRouche stressed, is a global Glass-Steagall reorganization, the American System of credit. But the guys in charge today won't do it, and prefer to bring the whole world down with them.

I could handle it, LaRouche said, but anything less than my program will not work.

All crashes go like this, LaRouche added. The BRIC cover-story was used to sucker in certain Cayman Island-based Russians and others to the carry-trade Ponzi scheme. That has been stretched beyond the limit, in order to create a phony appearance of value behind the Inter-Alpha Group banks. So the weakest point was used to cover up the vulnerabilities of the largest parts of the scheme. Then, when the weakest link breaks, it detonates the biggest portions, and everything goes.

The BRIC and the Brazilian carry trade were always a cover-up, LaRouche said; they are a kind of financial transvestite hiding very ugly things underneath. And the Brazil illusion could only be maintained with a special kind of dictatorship, which is not possible elsewhere at this point.

So the Brazil meltdown is a signal that the whole system is coming down. Things are crumbling at the edges, but it's all coming down *now*.

Brazilian 'Bolha' Imploding

Dec. 4 (EIRNS)—It would appear that a new financial instrument is all the rage in world financial markets of late, including in trendy Brazil. After the MBS and the CDS, we now have the "LCS"—which stands for "Lie, Cheat, and Steal."

It turns out that Brazil's 20th-largest bank, Banco Panamericano, had to be bailed out by the country's Central Bank on Nov. 9 for a modest \$1.5 billion, because it had committed the indiscretion of selling portions of its loan portfolio to other banks—two and three times—and also left those loans on their own books as assets! This creative accounting was overseen by the international accounting firm Deloitte and Touche, whose major client in Brazil is the Inter-Alpha Group's Santander Bank.

Banco Panamericano ran into trouble when its non-performing loan ratio broke 20%, mainly due to heavy involvement in the "check-off" payment consumer credit bubble which has spread across the Brazilian banking system. Typical are automobile and motorcycle loans with terms of 84 months. This domestic credit bubble, known as the "Bolha Brasil," has

grown from 20% to 45% of GDP, over the last few years.

So what's the difference between multiple listings of non-performing loans as assets on different sets of books in Brazil, and the U.S. mortgage market? Absolutely none.

Everything indicates that what Banco Panamericano did was fairly standard across the Brazilian banking system. Bloomberg reported on Nov. 25 that at least two of Brazil's biggest banks are now reviewing their internal rules after the Panamericano scandal. Central Bank head Henrique Meirelles, former president of BankBoston, said Panamericano was bailed out to avoid wider risk to the banking system as a whole. The head of the Brazilian government's bank guarantee fund found it necessary to insist that there was "absolutely no evidence" that banks were having trouble selling loan portfolios to each other.

This whole thing is a total fraud, LaRouche commented today. This is what speculators always do: You have to consider the *psychological* side of the bubble. They get in deep, and then they try to cover up their thievery. It's classic: Some weak bank gets out on thin ice, and they can't dump it, and so it ends up dragging everything else down with it. But the cause of the crisis is not the weak bank; it's the bankruptcy of the entire system.

Estimated 1 Million Cases in Haiti's Cholera 'Tsunami'

Dec. 1 (EIRNS)—While the Pan American Health Organization (PAHO) asserted today that Haiti's cholera epidemic is now "less lethal," with a smaller percentage of cases dying today than at the start of the epidemic, a different, and probably more accurate view comes from Dr. James Wilson, executive director and co-founder of Praecipio International, an NGO focussing on "operational biosurveillance" from the standpoint of national security. As one Canadian doctor put it, Haiti has only seen the first wave of the cholera "tsunami."

Dr. Wilson, who has attacked USAID and the incompetent and negligent U.S. government response to Haiti, warns that "the upper bound of the estimated total (sub-clinical and clinically apparent) case counts to be nearly 1 million," adding, however, that "from a practical operations point of view, these estimates are academic. *The bottom line is the epidemic continues to spread completely out of control.*"

This figure is based on information gathered by HEAS, the Haiti Epidemic Advisory System, a network of Praecipio's "operational biosurveillance" partners in Haiti.

What is not reflected in the official numbers, Wilson argues, "is the continually documented 'first contact' pattern of daily clinical mortality seen by rural communities and urban environments such as Gonaives." There remain "vast areas of the mountainous, rural areas of Haiti (i.e., two-thirds of the country) that are 'off the grid' where people die in their homes without access to care. Forced walking distances from 8 hours to infinity are the reality for these people. Being forced to walk on a difficult mountain trail while medically deteriorating with cholera is a major facilitator of death.... A silent death where lack of reporting does not indicate 'no death.' "

"In some areas of Haiti, we have confirmation that in-patient statistics are under-reported by as much as 400%," Wilson reports. "In many areas, we are documenting outbreaks that are not being accounted for in the official statistics...."

An HEAS map of Haiti's cholera epidemic, on Praecipio's website, divides the country into red, orange, and yellow regions. Of the three, HEAS describes yellow—Haiti's southern peninsula—as the "next battle front." Cholera has been confirmed there at multiple sites, but the majority of the international response is focussed on Port-au-Prince, Artibonite, and, more recently, the North. "The South is relatively untouched in terms of response," but HEAS suspects "far more activity than

what is reported because of very low NGO presence. We also note very large time lags in official reporting from this area. The southern peninsula is the next battle front, where we expect the 'war' to go very badly given the low availability of response assets."

Dark Ages Breakdown in Haiti

Dec. 3 (EIRNS)—As cholera rampages through Haiti's rural areas, where clean water and sanitation infrastructure are nonexistent, reports of actions reflecting a Dark Age breakdown have begun to circulate. Last week, in a village in the remote Grand Anse region of southwestern Haiti, a machete-wielding mob killed 12 people and burned their corpses in the streets, charging that they had used voodoo to create a magic powder that spread cholera.

According to a local prosecutor, similar incidents have occurred in the surrounding towns of Chambellan, Marfranc, Jeremie, and Dame Marie, all in Haiti's southwest.

The likelihood of such incidents would have been far less, had Barack Obama taken up Lyndon LaRouche's proposal last February to order an emergency deployment of the Army Corps of Engineers and affiliated agencies, to deal with the post-earthquake disaster, and later, the cholera outbreak.

Western European News Digest

'The Euro Is Doomed'

Irish Mass Strike Threatens To Sink Bailout

Irish Pension Fund Looted To Bail Out Banks

Latest Irish Poll Puts Sinn Fein Ahead of Ruling Fianna Fail

Iceland President: We're Better Off for Having Let the Banks Fail

Expect Upheaval with New Spanish Austerity Package

Italian Minister Says Speculation 'Worse than AIDS'

Ireland Mass Strike Brings Anti-Austerity Rallies Back in Greece

'The Euro Is Doomed'

Dec. 1 (EIRNS)—A senior U.S. intelligence source, who has been monitoring the Irish debt crisis by the hour, told *EIR* today that, in effect, the European Monetary Union is dead. For the past 72 hours, there has been a total freeze-up of the European corporate bond market. No capital has been raised, especially for Irish and Portuguese companies. "It is worse than the freeze-up in the United States in 2008, and there are significant amounts of corporate paper reaching maturity in Europe, that must be rolled over."

The source confirmed that the only way to save the euro would be for the ECB to turn on the printing press and go for "quantitative easing." But, nobody even knows what it is going to cost to bail out the Irish, Portuguese, Spanish, Italian, and Norwegian debt; and there is no consensus among European heads of state and policymakers as to what to do. "They are damned if they do, and damned if they don't. If they start printing euros, to buy up the sovereign and corporate debt, the euro will collapse in value, and this will trigger immediate hyperinflation," the source went on. "We are already on the verge of a run on the banks in Portugal, Spain and Italy. When it takes off, it will happen all at once."

Irish Mass Strike Threatens To Sink Bailout

Nov. 30 (EIRNS)—The Irish mass-strike process is expanding by the day, and includes trade unionists, students, the young and the old, in a struggle to secure the future of Ireland. On Nov. 28, the day after 100,000 Irish men, women, and children took to the streets, the trade unions met Nov. 28, to map out more protests and strike action, ahead of the government's budget vote on Dec. 7. The trade union UNITE is planning a "campaign of civil disobedience" ahead of budget day.

"Saturday's march in Dublin showed that the people of Ireland are not willing to sit cowering in the corner as their future is sold for buttons by a political leadership intent on bailing out an out-of-control banking system," UNITE regional secretary Jimmy Kelly is quoted in the *Irish Independent* as saying. "We're not going to change this government now, but the only hope is to go beyond marches and protests. We've got to put strike action firmly in place."

Socialist Party leader and member of the European Parliament Joe Higgins called for 24-hour national strike on budget day, a suggestion Kelly said he would support.

Irish Pension Fund Looted To Bail Out Banks

Nov. 29 (EIRNS)—Out of the entire EU85 billion (\$113 billion) international bailout package for Ireland announced over the weekend, the only component that is hard cash, is EU17.5 billion (\$23 billion) that will be put up by ... Ireland itself! In fact, that money will be looted from the country's National Pension Reserve Fund and handed over to the Inter-Alpha Group banks "immediately," as part of the first tranche of funds to be pumped into the bankrupt banking system. The entire country is in an uproar over the fascist looting scheme, which had been kept secret until yesterday's announcement.

Latest Irish Poll Puts Sinn Fein Ahead of Ruling Fianna Fail

Dec. 3 (EIRNS)—The latest Irish poll shows the ruling Fianna Fail party dropping to fourth place, behind Sinn Fein, while the latter more than doubled its rating, from 7% to 16%. This means the Fianna Fail would go from 78 seats to just 23, while the Sinn Fein would most likely have close to 20 or more seats.

The increase in the Sinn Fein's popularity is related not only to their winning of the recent by-election, but the fact that party president Gerry Adams has announced his intention to run for parliament, according to the *Independent* of Ireland. The poll showed that among 18- to 24-year-olds, Sinn Fein is the most popular.

Iceland President: We're Better Off for Having Let the Banks Fail

Nov. 29 (EIRNS)—Iceland President Olafur R. Grimsson, in an interview with Bloomberg, said his country was much better off because it refused to bail out the banks. "The difference is that in Iceland we allowed the banks to fail," Grimsson said. "These were private banks and we didn't pump money into them in order to keep them going; the state did not shoulder the responsibility of the failed private banks."

Earlier this year, when the Icelandic government negotiated a draconian bailout agreement which was approved by the Icelandic Parliament, Grimsson exercised his right as President to put the issue as a referendum before the people, who overwhelmingly rejected it.

Expect Upheaval with New Spanish Austerity Package

Dec. 3 (EIRNS)—In the midst of a major strike of air traffic controllers, which led to the militarization of most airports this evening, Finance Minister Elena Salgado announced a new package of austerity measures today, issued by decree and effective immediately.

Coming on top of a \$19 billion austerity plan announced last May, today's package includes reduced taxes on small and medium-sized industries, privatizing 30% of the state lottery, 49% of the AENA airport agency and 100% of the Madrid and Barcelona airports, among others. The government hopes to reap EU14 billion from these privatizations, and a higher tax on tobacco is expected to yield EU780 million.

More "painful" measures include the elimination, as of February 2011, of a special EU426 (\$560) subsidy for the unemployed who have exhausted their benefits, which last for a maximum of two years. The government has also set Jan. 28 as the date on which a pension reform bill will be sent to Parliament, to discuss raising the retirement age to 65 from 67, and freezing pensions for all of 2011.

The UGT trade union federation, which is planning major protests, is warning that eliminating the unemployment subsidy will affect some 600,000 people, who will now be added to the 1.1 million unemployed who have no unemployment insurance.

Italian Minister Says Speculation 'Worse than AIDS'

Dec. 1 (EIRNS)—Rising costs for Italian debt (4.7% yesterday on ten-year bonds) are feeding nervousness in and around the country, although the next bond sale is not scheduled until next year. However, the perspective for a government crisis on Dec. 14, and of early elections in Spring, is supplying grounds for concern.

Whereas Economics Minister Giulio Tremonti is keeping his mouth shut, Undersecretary of State to the Prime Minister Gianni Letta yesterday referred to Italy becoming a target for financial markets, saying speculation is "worse than AIDS" and "someone should find a vaccination."

The *Financial Times* editorial today warns Italy that if it wants to avoid a financial attack, it should help save Spain. Spain is the last frontier for Italy, the *FT* says. If a bailout for Spain becomes necessary, Italy won't be able to sustain its quota in the bailout, and the whole thing falls apart.

Ireland Mass Strike Brings Anti-Austerity Rallies Back in Greece

Dec. 3 (EIRNS)—The escalation of the mass-strike process in Ireland has energized Greece. The PAME trade union federation has called for a general strike on Dec. 15, and a mass demonstration in central Athens. Yesterday, about 1,000 members of a student group backed by the Communist Party, marched through central Athens to Parliament, to protest austerity measures, including education cutbacks, and said that they will be out in force for the Dec. 15 nationwide general strike.

Although not widely reported, it seems that strike actions have been going on continuously. At the end of November, the

Seaman's Union struck for several days, putting a halt to inter-island shipping. The journalists' union staged a 24-hour strike, blacking out all news.

Russia and the CIS News Digest

Russian Analyst Cites LaRouche, Glass-Steagall Principle

Anti-drug Chief Ivanov: Russia Faces Dope 'Apocalypse'

Newsweek: Ivanov 'Back Channel Of Security Cooperation With China'

China Calls for SCO Development Bank

Clinton Signals Warming Relations with Belarus

Russian Analyst Cites LaRouche, Glass-Steagall Principle

Dec. 1 (EIRNS)—Konstantin Sokolov, vice-president of Russia's Institute for Geopolitical Studies, cited Glass-Steagall protections for the real economy, and the accurate forecasting record of Lyndon LaRouche, in an interview published today under the headline, "Does Russia Face a Second Wave of Crisis?" The interview appeared on TPP-Inform, the website of the Russian Chamber of Commerce and Industry, which is headed by former Prime Minister Yevgeni Primakov. The head of Sokolov's institute is Gen. Leonid Ivashov (ret.), former director of international relations at the Russian Ministry of Defense.

The lead-off question and answer in the interview are given here in full, translated from Russian by *EIR*.

"Konstantin Nikolayevich, what is the basis for the numerous statements that a new wave of crisis is coming?"

Sokolov: "Unfortunately, the world economic crisis is continuing to develop. Many experts, such as the well-known American economist and political analyst Lyndon LaRouche, whose forecasts have repeatedly been borne out, assert that the measures which have been taken by the international financial community are no cause for optimism. They are temporary measures, which cannot keep up with the unfolding situation, and serve only to postpone the denouement.

"Such behavior can only be explained by the fact that the people making these decisions are acting according to some other scenario, one which does not provide for overcoming the crisis. In 1999, the Glass-Steagall amendment was abolished. It had been adopted in 1933, as one of the measures designed to find a way out of the Great Depression. Essentially, the banks were forbidden from combining the functions of financing industry, with speculation on the stock exchanges.

"The historical record suggests that the decision to repeal this amendment could have had no other outcome, than a repetition of the scenario which, in its day, led to the Great Depression. Thus, the current crisis, from its very outset, was predictable and inevitable. As is well known, some of the wealthy came out of the Great Depression even wealthier, while destroying weaker competitors along the way."

Asked about the situation inside Russia, Sokolov emphasized the aftermath of last Summer's fires. He cited Prime Minister Vladimir Putin's recent damage assessment, in which Putin noted that if food prices continue to rise, Russia may have to

import food. Russia stands to lose one-third of its livestock herds by the Spring of 2011. As in European countries afflicted by flooding this year, he added, "the damage is not measured in currency, but in whole percentage points of GDP, and it is a very alarming signal." He said that Russia's loss of food security was cataclysmic for the economy.

Anti-drug Chief Ivanov: Russia Faces Dope 'Apocalypse'

Dec. 1 (EIRNS)—Addressing a conference in Khanty-Mansiysk, western Siberia, Russian Federal Narcotics Control Service chief Victor Ivanov today characterized the drug addiction and death situation in the country as "an apocalypse." Ivanov said he had reached this conclusion after reviewing the latest statistics on deaths from narcotics use. Whereas his agency previously had estimated the annual drug death rate in Russia at 30,000 people, Ivanov said that actually over 100,000 Russians under the age of 30 are now dying from drug use each year.

The biggest killer, Ivanov confirmed, is Afghan heroin, followed by dextromethorphan derivatives of over-the-counter medications. There are heroin addiction hot spots throughout the industrial heartland of Russia in western Siberia and the Ural Mountains region.

Ivanov called for convening a special session of the State Council, with the participation of Russian regions, on reducing narcotics demand. He said that Russia has at least 2.5 million drug addicts, the majority of them addicted to heroin, with another 3 million people regularly using other drugs, including 500,000 people who are on synthetic narcotics imported from Europe.

Yevgeni Royzman, head of the Drug-Free City campaign, also spoke at the event, summarizing the situation as a "narco-catastrophe." He said, "We rank first in the world for heroin consumption, first in the drug addiction rate, and, accordingly, first in drug-related mortality among youth. This is why the country is now experiencing a narco-catastrophe, and any measures that will help our country get out of this situation will be good." Royzman called for emergency institution of visa procedures for travel to Russia from Tajikistan and the Kyrgyz Republic, as well as life terms in prison for drug dealers and mandatory treatment for drug addicts.

Newsweek: Ivanov 'Back Channel Of Security Cooperation With China'

Dec. 4 (EIRNS)—Victor Ivanov, head of Russia's Federal Drug Control Service and a close collaborator of Prime Minister Vladimir Putin, is "Putin's envoy to open a back channel of security cooperation with China," *Newsweek* reported in an article published yesterday, based on an interview with Ivanov. While both Russia and China want to expand relations with Central Asia, especially as, *Newsweek* asserted, the U.S. withdraws from Afghanistan, "neither side wants a great-game-style confrontation over spheres of influence, because Moscow and Beijing also plan to boost energy cooperation."

Ivanov, who has repeatedly demanded the destruction of Afghan opium production and the drug-trafficking cartels, is "Russia's secret weapon to expand security ties with China," *Newsweek* reported. In late November, Ivanov was in Beijing and Urumqi, capital of China's Xinjiang province, leading a delegation of security officials. "But the real reason I came to China is to activate the outmoded and rusty Shanghai Cooperation Organization (SCO)," Ivanov told *Newsweek*. "A revamped SCO would be able to have a significant voice in the international arena, in the G8 and G20," he said.

The SCO could also influence Chinese security policy, the article reported, quoting Yuri Krupnov, director of the Institute of Regional Development and Demography, saying: "We hope to put Russia's ideas in China's mind." Krupnov's report on the development of the new Russian Vostochny Cosmodrome, was presented at the Schiller Institute conference in Kiedrich, Germany in 2007, and he led a project to produce a development program for Afghanistan to counter the drug economy, published in 2009. (See the recently published edition of *Dope, Inc.*)

In addition, Ivanov told *Newsweek*, "Russia and China, by using the drug issue, should put their efforts together to stabilize the situation in Pakistan."

China Calls for SCO Development Bank

Dec. 4 (EIRNS)—Chinese Prime Minister Wen Jiabao proposed establishing a Shanghai Cooperation Organization (SCO) development bank, to deepen financial cooperation among member nations, China's *21st Century Business Herald* reported Dec. 2. At the SCO summit in Dushanbe Nov. 25, Wen called for research into setting up the bank. Bank capitalization would begin at about \$10 billion, of which China pledged to contribute \$8 billion. The SCO has already set up an Interbank Consortium for cooperation among its members, which are China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.

The proposal was welcomed by the Central Asian republics, but the Russian side was less enthusiastic, the *Herald* reported. The Russian side, according to the *Herald* sources, is more interested in security cooperation, in which the Collective Security Treaty Organization (CSTO) (of the nations which were members of the former Soviet Union) is playing a greater role than the SCO.

China's *Global Times* on Dec. 2 quoted Gennady Chuprin, an advisor at Russia's Academy of Science and China expert, that economic cooperation would gradually become the largest SCO activity. "This is Beijing's point of view, that economy must go first," he said, and the global financial crisis proved this view correct. "Beijing sees the initiative as a means of supporting the Central Asian countries, whose financial systems have been ruined," Chuprin said. Currently, Central Asian nations get financial support from the Eurasian Economic Community treaty institution, but China is not a member, despite its large-scale trade with Central Asia. "So the countries' leaders will be happy to receive support from Beijing to finance their national infrastructure in the current context where their own financial institutions have been gradually fading," Chuprin said.

Clinton Signals Warming Relations with Belarus

Dec. 1 (EIRNS)—U.S. Secretary of State Hillary Clinton, in a joint press conference with Byelorussian Foreign Minister Sergei Martynov, congratulated Belarus for giving up its supply of highly enriched uranium. "This is a very significant, important step that Belarus has taken," Clinton said, "and we look forward to welcoming a delegation to the Nuclear Security Summit in 2012 to commend and celebrate the end of this very important effort." The meeting occurred at the summit of the Organization of Security and Cooperation in Europe (OSCE) being held in Astana, Kazakhstan. While Belarus is still under sanctions imposed by the Bush Administration, Clinton's appearance with the Byelorussian minister may indicate a warming of relations between the two countries.

Southwest Asia News Digest

[Saudis Are Top Financiers of Al-Qaeda—Hillary Clinton](#)

[Ha'aretz: Wildfire Shows Why Israel 'Can't Afford War with Iran'](#)

[U.S. Drug Official: Brits Aid Drug Traffickers in Helmand Province](#)

[Karzai Attacks British Role in Afghanistan](#)

Saudis Are Top Financiers of Al-Qaeda—Hillary Clinton

Dec. 5 (EIRNS)—The London *Guardian* today revealed that late-2009 State Department cables from Secretary of State Hillary Clinton named Saudi Arabia, and Saudi funds—which are linked to the same "al-Yamama" slush-fund channels that *EIR* has previously identified—as the main instrument of international "al-Qaeda" terrorism. Secondly, Secretary Clinton pointed to the London-run emirates of Qatar, Kuwait, and the UAE, but she placed central focus on Saudi Arabia.

The *Guardian* reported as follows:

" 'Saudi Arabia is the world's largest source of funds for Islamist militant groups such as the Afghan Taliban and Lashkar-e-Taiba.... More needs to be done since Saudi Arabia remains a critical financial support base for al-Qaida, the Taliban, LeT and other terrorist groups,' says a secret December 2009 paper signed by the US secretary of state. Her memo urged US diplomats to redouble their efforts to stop Gulf money reaching extremists in Pakistan and Afghanistan. 'Donors in Saudi Arabia constitute the most significant source of funding to Sunni terrorist groups worldwide,' she said.

"Three other Arab countries are listed [in the memo] as sources of militant money: Qatar, Kuwait and the United Arab Emirates....

"One cable details how the Pakistani militant outfit Lashkar-e-Taiba, which carried out the 2008 Mumbai attacks, used a Saudi-based front company to fund its activities in 2005. Meanwhile officials with the LeT's charity wing, Jamaat-ud-Dawa, travelled to Saudi Arabia seeking donations for new schools at vastly inflated costs—then siphoned off the excess money to fund militant operations....

"Saudi officials are often painted as reluctant partners. Clinton complained of the 'ongoing challenge to persuade Saudi officials to treat terrorist funds emanating from Saudi Arabia as a strategic priority'. Washington is critical of the Saudi refusal to ban three charities classified as terrorist entities in the US. 'Intelligence suggests that these groups continue to send money overseas and, at times, fund extremism overseas,' she said."

Said Lyndon LaRouche, "The facts of this critical strategic matter, of British-Saudi terrorist operations against the United States and other nations, correspond to her concern, and we know her statements to be true and important. Hillary is on the case."

***Ha'aretz*: Wildfire Shows Why Israel 'Can't Afford War with Iran'**

Dec. 3 (EIRNS)—The wildfire in the north of Israel continues to burn out of control. As of Dec. 3, 41 people were reported dead, with 17,000 evacuated from the area, including a prison.

Ha'aretz writer Aluf Benn penned a scathing attack on the failed government response, drawing the conclusion that the government had better not pursue its plans to wage war on Iran. Benn wrote that the fire, the largest in Israeli history, will be remembered as the "Yom Kippur War of the Fire and Rescue Service," which was not prepared for "a disaster of such magnitude." He quotes outgoing Military Intelligence chief Amos Yadlin's warning that a war with Iran would be far different than previous wars, and that Tel Aviv would be on the front lines. With such a proof that the nation is not prepared for disasters, "it is best for Israel not to embark on war against Iran, which will involve thousands of missiles being fired on the home front."

Benn recalls "how pathetic the civil defense system was" during the second Lebanon war, and notes that the government this week had to call on Cyprus, Greece, and France for aid and supplies to deal with the fire. "In wartime, it is doubtful

whether Israel will be able to rely on the generosity and largesse of its neighbors." With Obama giving madman Netanyahu a green light for war, it is unlikely this wise advice from *Ha'aretz* will be heard in Tel Aviv (see "LaRouche to Obama: Don't Turn Lunatic Netanyahu Loose" by Jeff and Michele Steinberg in *EIR*'s Dec. 3 edition. (http://www.larouchepub.com/other/2010/3747lar_netanyahu_loose.html)).

On Israel's lack of readiness, Benn wrote: "A year ago the firemen went on strike and warned that the system is far from being able to provide for defending the population. According to the firemen's association, the international standards require one fireman for every 1,000 citizens, and in Israel the ratio is nearly one in 10,000. Over and over, the firemen warned that they can't shoulder the responsibility they are given."

U.S. Drug Official: Brits Aid Drug Traffickers in Helmand Province

Dec. 3 (EIRNS)—A "confidential" memo from the Director of the Office of Drug Control Policy (ONDCP), John Walters, on April 6, 2007, reporting on his visit to Afghanistan in March 17-20, blasted the British role in facilitating drug traffickers in Helmand Province.

The memo, published in the *Guardian* on Dec. 2, after release by Wikileaks, says in part:

"(C/NOFORN) [confidential—not to be seen by foreigners] ONDCP Director Walters met with COM ISAF [Commander International Security Assistance Force] General McNeill [an American] in Kabul, and separately with RC South Commander Major General Van Loon (Dutch) in Kandahar. McNeill told Walters there had been a lot of action on counter-narcotics, but little progress. He was particularly dismayed by the British effort. They had made a mess of things in Helmand, their tactics were wrong, and the deal that London cut on Musa Qala had failed. That agreement opened the door to narco-traffickers in that area, and now it was impossible to tell the difference between the traffickers and the insurgents. The British could do a lot more, he said, and should, because they have the biggest stake."

The Musa Qala deal of 2006 was an agreement with the Taliban for British troops to pull out of the key drug-trafficking center of Musa Qala in Helmand Province, where the Brits had lost a number of troops in insurgent attacks, in exchange for a pledge from the Taliban not to attack ISAF troops in the region. As Walters reports here, this provided the drug operators free reign in the region, and eventually allowed the insurgents to retake the area, before U.S. troops took over command.

This report confirms what has been reported extensively in *EIR* for years regarding the Brits' "Second Opium War" being run out of Helmand Province, and *EIR*'s general intelligence on the British control of the global drug trade, going back to the original publication of *Dope, Inc.* (See *The Book That Still Drives British Royals Mad Is Back* by Jeffrey Steinberg in *EIR* (http://www.larouchepub.com/other/2010/3747dope_inc_brit_war.html)).

Secretary of State Hillary Clinton, currently in Bahrain, told a press conference: "I personally want to convey to the government and the people of the UK both my deep respect and admiration for the extraordinary efforts and our regret if anything that was said by anyone suggested the contrary." With that formality out of the way, Clinton then essentially defended the truth of the leak: "I think everyone knows that if we cannot speak openly and candidly with each other, we can't understand each other, and we can't make policy that will benefit each other."

Karzai Attacks British Role in Afghanistan

Dec. 3 (EIRNS)—Within the confidential State Department memos from Afghanistan released by Wikileaks, Afghan President Hamid Karzai is quoted repeatedly attacking the role of the British, especially in Helmand Province (where the Brits set up the largest heroin operation in world history). In a Feb. 21, 2009 meeting with U.S. Undersecretary of Defense

Flournoy, Karzai is quoted saying that when he returned to Afghanistan, the Afghan people "believed in the moral correctness of what we were doing, and even Helmand was safe for girls to go to school. Now, 4,000 British soldiers are in Helmand, and the people are not safe. 'We must stand on a higher moral platform than the bad guys,' the President said."

In a Dec. 21, 2008 document reporting on a dinner with Senators John McCain and Joe Lieberman, Karzai is reported to have taken "the opportunity to question the effectiveness of the British in Helmand," implying that the Brits would not fight the insurgents. "Freeing Helmand from the Taliban is important—Helmand is not with us."

Former U.K. Defense Secretary Bob Ainsworth called the reports "gossip," and Col. Stuart Tootal, former commander of paratroopers in Helmand, told *Time*: "This is not helpful ... for the families and those people who have lost loved ones and the poor infantry slogging their guts out to help the Afghan people" (or more accurately, to protect Dope Inc.). Opposition spokesmen said this could tip the balance of opinion against the UK presence in Afghanistan.

Asia News Digest

China Warns of Korean Situation Spiraling 'Out of Control'

China To Sign High-Speed Rail Agreements, Including with U.S.!

Indian Foreign Secretary: No Space for Conflict with China

U.S., South Korea Agree to Free-Trade Pact—But Will It Fly?

China Warns of Korean Situation Spiraling 'Out of Control'

Dec. 2 (EIRNS)—China reiterated its call today for an emergency meeting of the members of the six-party group on North Korea. Speaking at a Foreign Ministry briefing, spokeswoman Jiang Yu rejected the criticism that the government had received from certain quarters for calling for talks. Jiang indicated that China, as the host of the six-party talks, had a special responsibility in that respect, so that no one should be surprised by the initiative. She also underlined that the *only* option for resolving the crisis would be through discussion among the relevant parties. Russia, she said, had already accepted the proposal. She also underlined that China was not calling for a formal session of the six-party talks, but rather a meeting of the members of the talks to discuss the immediate crisis situation.

U.S. Secretary of State Hillary Clinton said on the same day that she had held talks with Russian and Chinese officials on North Korea, during her visit to Kazakhstan for the summit of the Organization for Security and Cooperation in Europe (OSCE). Speaking in Bishkek, Kyrgyzstan, the next stop of her Central Asian tour, Clinton said: "I've already spoken to high-ranking Chinese and Russian officials, and we will discuss how we can work together to try to avoid conflict." She announced that she would meet with the foreign ministers of South Korea and Japan to discuss the Korean crisis on Dec. 6 in Washington. "The U.S. is very concerned about North Korea, and we want to work with countries in the immediate region," she said, those being China, Russia, South Korea, and Japan.

However, Clinton continued to demur on the Chinese proposal to hold an emergency meeting of the head delegates to the six-party talks.

Presidents Barack Obama and China's Hu Jintao spoke by phone on Dec. 5—the first discussion since the outbreak of the current crisis in Korea. While the White House indicated that Obama had lectured China that it is responsible for North

Korea's actions, and must "send a clear message to North Korea that its provocations are unacceptable," the Chinese Foreign Ministry reported that Hu warned Obama that if the situation were "not dealt with properly, tensions could well rise on the Korean peninsula or spin out of control, which would not be in anyone's interest."

China To Sign High-Speed Rail Agreements, Including with U.S.!

Dec. 4—China expects to sign a number of cooperation documents with other nations on high-speed and other railway development, at the Seventh World Congress on High Speed Rail in Beijing, said Chen Juemin, head of the international cooperation department at the Ministry of Railways, according to *China Daily*. The Congress, sponsored by the International Union of Railways (UIC) and Chinese Rail Ministry, will take place in Beijing Dec. 7-9, the first time it has been held outside Europe. Among the agreements, Chen said, is one already initiated between CSR Corporation Ltd., one of China's biggest rail vehicle producers, and the U.S. General Electric Co., to establish a joint venture in the United States to manufacture high-speed trains using Chinese technology. The agreement will likely be signed during the conference, *China Daily* reported.

U.S. press reports say that the two corporations may bid to build high-speed train lines in California and Florida. CSR chairman Zhao Xiaogang told the press in Hong Kong yesterday that they may jointly bid for a project on the U.S. East Coast.

China may also sign agreements or memoranda of understanding with railway authorities and enterprises in Turkey, Sweden, Germany, Bulgaria, Canada, Slovenia, and North Korea, Chen said, although not all will be for high-speed trains. China currently has the largest (by far) high-speed rail network in the world, and in the next year or so will have more than the rest of the world put together. It has also designed and built the fastest and longest rail lines, and is beginning to build in the challenging terrain as its mountainous southwest.

The CSR-General Electric association could compete with leading companies, including Canada's Bombardier, Inc., France's Alstom SA, and East Japan Railway Co. China has also proposed helping to finance the California high-speed rail line.

China is also working with Myanmar, Cambodia, Thailand, and Laos to plan and develop high-speed rail links to Southeast Asia, and with Turkey and Bulgaria to connect to the rest of Europe. There are also discussions ongoing with Iran.

Indian Foreign Secretary: No Space for Conflict with China

Dec. 3 (EIRNS)—As long as India and China, the world's two most populous nations and neighbors, pursue their national interests, especially domestic development, their joint relations will grow, Indian Foreign Secretary Nirupama Rao said today in an address to the Observer Research Foundation, in New Delhi. India needs \$1 trillion worth of infrastructure investment in the next five years; China is "well positioned" to help here, she said.

Geopolitical, and "geo-economic" types spend a lot of time and effort to play up the possibility of economic and military conflicts between the two Asian giants; however, despite their still-disputed border, their national interests are converging more and more, as Rao said. Speaking just two weeks before the arrival of Chinese Prime Minister Wen Jiabao for a two-day visit, Rao emphasized that "neither of us has the luxury of seeing each other in antagonistic terms. The view that India and China are rivals to me is an over-generalization as well as over-simplification of a complex relationship.... The reality is that India and China have worked hard over the last two decades to enhance dialogue in a number of fields, and we must maintain and build on that trend." She added: "I believe this is a big relationship with the clear possibility of an ambitious agenda of mutual engagement that will be one of the most important bilateral equations of our new century."

Rao herself has 30 years' experience with China, including having served as ambassador. She accompanied then-Prime Minister Rajiv Gandhi on his groundbreaking trip to China in 1988, which re-opened relations between the Asian giants after their Cold War-induced 1962 border conflict.

She pointed out that although long sections of their border and neighboring territory are still disputed, "What also needs to be appreciated is that the India-China boundary is one of the most peaceful of all borders." She also called for "more sensitivity" from China on territory still disputed between India and Pakistan.

A key issue is economic ties. "Our trade with China is growing faster than that with any other country and China is our largest trading partner in goods, with trade likely to exceed US\$60 billion this year," Rao said.

U.S., South Korea Agree to Free-Trade Pact—But Will It Fly?

Dec. 3 (EIRNS)—U.S. Trade Representative Ron Kirk announced today that the United States and South Korea had agreed on revisions to the Free-Trade Agreement (FTA) signed three years ago, which may satisfy the opposition in the U.S. Congress that has stalled implementation of the agreement. The new deal will allow the U.S. to postpone lowering tariffs on Korean cars for five years, and open up the Korean market to American cars, despite the fact that they do not meet Korean safety and emissions standards.

The U.S. Congress was not the only roadblock to the deal: The Korean parliament has also refused to pass the FTA agreed to three years ago, and may be even more opposed to the new concessions. A senior member of the governing GNP party, Rep. Na Kyung-won, told a Washington audience this week, that, since the FTA talks were going on in the shadow of U.S.-Korean military exercises after the recent exchange of fire between the Koreas, the opposition would certainly argue that the government was giving away economic sovereignty in exchange for security, and may well stop it.

In any case, a Free Trade Pact with the U.S. at this time would be a deal with a corpse, as the U.S. economy is doomed, without an emergency Glass-Steagall reform of the banking system.

Africa News Digest

- **Qaddafi Attacks World Bank, IMF, WTO at African-EU Summit**

Qaddafi Attacks World Bank, IMF, WTO at African-EU Summit

Dec. 1 (EIRNS)—Libyan leader Muammar Qaddafi blasted the IMF, World Bank, the United Nations, and the World Trade Organization (WTO) at the opening of the third African Union-EU summit Nov. 29 in Tripoli, Libya. Qaddafi chaired the conference. He told the European delegates that Africa would opt for other trade partners if the EU continued to impose its austerity conditionalities. "Africa can look to any other international bloc such as Latin America, China, India or Russia," he said.

Qaddafi said, "We do not benefit from the WTO and we call for its abolition. All its interests are in opening our borders for industrial goods and killing national industries in the Third World, so I call [on everybody] not to join it." He called the WTO a tool in the modern version of colonialism, and called for its dissolution.

He also hit the EU for giving precedence to political projects over economic projects, by linking economic aid and cooperation with human rights and good governance. "We are not interested in political power. We want economic

development," he said.

All rights reserved © 2010 EIRNS

[top of page](#)

[home page](#)