

[return to home page](#)

LaRouche at China Forum Changes World History

by Harley Schlanger

“We are winning,” is the concise summary offered by Lyndon LaRouche, in response to developments following his participation at a major conference on U.S.-China relations, which took place in Los Angeles on Nov. 23-24. LaRouche was a featured speaker at the press conference which opened the meeting on Nov. 23, and then, the keynote speaker at the luncheon the following day. The weekend conference, titled “Forum on U.S.-China Relationship and Peaceful Reunification of China” brought together scholars, journalists, and activists from the People's Republic of China, Taiwan, and the United States, and included prominent participation by representatives of the Chinese Consulate in Los Angeles....

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LaRouche and China

LaRouche at China Forum Changes World History

Lyndon LaRouche addressed an international conference in Los Angeles on Nov. 23-24, titled 'Forum on the U.S.-China Relationship and Peaceful Reunification of China.' The Chinese press coverage of LaRouche's remarks represents an acknowledgment that leading circles in China recognize that the financial system is now in a terminal stage of disintegration, and that they are open to exploring cooperation with responsible elements in the United States.

- **A Great Bond Between China and the U.S.A.**

LaRouche's press conference in Los Angeles.

- **Speech in Los Angeles: The USA & China**

LaRouche's address to the 'Forum on the U.S.-China Relationship and Peaceful Reunification of China.'

- **LaRouche: A New Pacific Relationship Emerges**

Addressing the 'Global Summit for China's Peaceful Unification,' in Rockville, Md., on Nov. 17, LaRouche said the world financial-monetary system is disintegrating, and a new world economic order must emerge.

- **Chinese Press Covers LaRouche on Crisis**

- **LaRouche-China Talks: 'Time for Solutions'**

Excerpts from an interview given on Aug. 16 by Lyndon LaRouche to a Chinese journalist.

- **Zepp-LaRouche in Beijing: Build the New 'Silk Road'**

- **LaRouche Webcast:**

The End of the Post-FDR Era

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Feature

The Noösphere vs. the Blogosphere: Is the Devil In Your Laptop?

Portions of a mass-circulation pamphlet written and produced by the **LaRouche Youth Movement**. Released at the end of November, it was published by the LaRouche Political Action Committee.

I. ORIGINS OF THE DISEASE

- The Noösphere vs. the Blogosphere
- INSNA: Handmaidens of British Colonialism

II. CASE STUDIES: THE DISEASE SPREADS

- MySpace: Murdoch's Nuremberg Rally
- Facebook: A Tombstone With a Photo Attached
- What IS Wikipedia?
- Terrorism Comes to the West:
The New Cult of the Teenage Suicide Bomber

EPILOGUE

- Where Your Computers Really Came From
-

National

Pennsylvania Breakthrough on LaRouche's 'Firewall' Bill

A packed session in the Pennsylvania legislature on Nov. 29 heard from state financial officials and city council members, EIR researchers, one of Pennsylvania's Congressmen, and a state judge—as city governments all over the Commonwealth came out for the resolution H.R. 418 of State Rep. Harold James and for what that resolution supports: Congressional action on Lyndon LaRouche's Homeowners and Bank Protection Act of 2007 (HBPA).

- Testimony by Rep. Harold James
- Philadelphia City Council President Backs HR 418
-

Economics

'Make That Which Is Reasonable, Possible':

U.S. and Mexico: Cooperate On Great Water Projects

Vital continental and Mexican water projects, long under discussion but never implemented, were put back on the agenda at a conference on Nov. 9, 2007 in the state of Sonora, Mexico, where Lyndon LaRouche's analysis of the global financial crisis and its solution through a new world system based on projects such as these, were at the center of deliberations. This approach provides an alternative to the policy of genocide which the United States is currently carrying out toward the nation of Mexico, and Mexicans residing in the United States.

- **Conference on the PLHINO:**

- **Optimism Builds the Bridge to the Future**

- Inspired by the idea that the state should return to a policy of vigorous public investment in basic economic infrastructure, a conference in Sonora, one of the regions of Mexico with the greatest agricultural potential, called for implementing the 'Water Plan of the Northwest.'

- **Mexican Senator Offers 'A Vision of the Future'**

- Speech by **Sen. Alfonso Elías Serrano** to the Sonora conference.

- **Resolution:**

- 'Let Us Build the Bridge to the Future'**

Hatred of Immigrants Will Sink Us!

Departments

Banking

HBPA or Bust

Editorial

After Annapolis:

The Real Fight Has Begun

U.S. Economic/Financial News

New Home Prices in Biggest Dive Ever

Nov. 30 (EIRNS)—The U.S. Department of Commerce reported yesterday that the median price of a new single-family home is \$217,800, 13% lower than one year ago. This was the biggest drop recorded since 1963, when the Department began to compute these prices. The second biggest was 8.5% in 1970. New home sales in October were up 1.7% from September, to a seasonally adjusted 728,000 homes per annum, which is 23.5% lower than a year earlier. New homes account for about 15% of all home sales.

Many Borrowers Were Duped Into Taking Subprime Loans

Nov. 27 (EIRNS)—Sen. Charles Schumer (D-N.Y.) issued a report on Nov. 15, estimating that 50,000 subprime mortgage borrowers in New York may have actually been eligible for prime mortgages, "meaning that they may have been duped by brokers and lenders into taking less affordable loans."

The estimate of 50,000 is based on "recent estimates" by industry experts that one-third of all subprime borrowers may have been eligible for traditional mortgage options, "thereby avoiding the excessively high subprime interest rates, as well as the hassles of refinancing when the loan becomes unaffordable." It has been reported to earlier Congressional hearings, by lawyers familiar with the practice, that mortgage brokers being paid by homeowners to find them mortgages, in many cases were also being paid a fee by mortgage lenders, typically \$2,000 for each additional percentage point of interest they could add to the mortgage loan. "Subprime" was the convenient way to designate "high-interest."

There are over 160,000 subprime mortgages in New York, with an estimated outstanding debt of \$26 billion.

Collapse of Financial Bubble Leads to Layoffs

Dec. 1 (EIRNS)—As the financial bubble has inflated over the last decade, creating trillions in "funny money" world wide, inevitably, those servicing this bubble in the financial institutions have come to make up a large portion of the U.S. workforce. In recent months, with the popping of that bubble and the resulting credit squeeze, many of these employees are being laid off—and not just in the mortgage sector. As the trillions go up in smoke, the jobs which managed the now-worthless paper are going up in smoke as well, which will lead to more home loan defaults, more homelessness, more people with no medical insurance, and a greater burden on already overburdened local governments. Here is a roundup of recent layoff activity in the financial sector:

* Citigroup, one of the largest investment banks, is considering laying off a total of 45,000 workers this year, as it attempts to shore up damage from recent losses from subprime loans and securitized investment vehicles (SIVs). This includes the 17,000 workers it let go earlier this year. The layoffs would involve 18% of Citigroup's employees.

* Bank of America cut 3,000 jobs after its investment banking unit's profit fell by 93% in the third quarter. That is 11.5% of the bank's workforce.

Bear Stearns has increased its projected layoffs for the year from 900 to 1,500—17% of its employees.

* Other companies announcing recent layoffs, according to Forbes.com, include UBS, planning 1,500 layoffs; Morgan Stanley with 600; Lehman Brothers with 2,450; and Merrill Lynch, considering letting go of 15% of its fixed-income section.

* According to Challenger Gray & Christmas, an outplacement firm, 42,404 financial jobs have been cut in New York City alone this year. The record was 51,854 in 2001, a record-breaking year for financial layoffs. Total national financial sector layoffs have climbed to 102,758 so far this year.

Florida Fund-Freeze Squeezes Schools

Dec. 1 (EIRNS)—On Nov. 29, Florida's State Board of Administration halted withdrawals from the Florida Local Government Investment Pool, after spooked school districts and other investors began pulling billions of dollars from the fund. The spark for the stampede was rumors of downgraded investments which, on Nov. 9, caused Leon County to withdraw \$60 million in one day, according to tallahassee.com. In the next 20 days, the withdrawals grew to \$13 billion, shrinking the \$27 billion fund to \$14 billion by the end of the month.

While the freeze on withdrawals has halted the meltdown of the fund, it has created its own problems. The investment pool was used to a large degree as a short-term liquid investment tool for operational funds of school districts and local governments. The freeze has forced those who left their money in the fund to scramble for loans for payroll and other

operating expenses, a double whammy for those who refused to cave into the fear-driven stampede.

Apparently, the Florida fund run has led to jitters in other funds throughout the nation, and there was a mini-run on a Montana fund called the Short Term Investment Pool this week, according to the Dec. 1 *Wall Street Journal*. One-tenth of its \$2.5 billion in investments were withdrawn in a week. And this is likely not the end of it, as many funds, seeking higher yields in recent years, have taken on increasingly risky investments, such as the troubled SIVs.

Cowardice in Congress Is Killing American Cities

Nov. 29 (EIRNS)—U.S. cities are finding it impossible to raise funds through municipal bond offerings. The once virtually guaranteed, safe, tax-free investment into muni-bonds, assuring cities that they could raise funds for schools and development projects at a low interest rate, are now in deep trouble because of the credit crunch brought on by the subprime mortgage fiasco. The monolines—insurance firms like MBIA and Ambac which insure bonds—are facing collapse, having nowhere near the capital base to cover the collapsing mortgage-backed bonds they insured.

Miami, Chicago, and Washington, D.C. have all been forced to pull bond offerings off the market, since their insurers are no longer trusted, driving up the interest rates they must pay.

Lyndon LaRouche, briefed on this crisis in the cities, placed the blame squarely on Congress, for refusing to solve the problem by protecting homeowners and banks through his proposed Homeowners and Bank Protection Act (HBPA). While the Congress complains, entire communities and cities are collapsing.

Global Economic News

Bankers Scream: It's Trillions, Not Billions, of Losses

Nov. 28 (EIRNS)—Bankers and commentators are referring to losses in the "trillions," more and more these days. Ambrose Evans-Pritchard, in today's *Daily Telegraph*, reports on a Goldman Sachs report by Jan Hatzious that housing prices in the United States could fall by 15%. Pritchard then computes the result that this would leave "a fifth of the country's homeowners with \$3,000 billion [\$3 trillion] in negative equity." The same Goldman Sachs report asserts that losses from subprime and Alt-A mortgage securities would together reach \$500 billion, "forcing a contraction in bank lending of \$2,000 billion" (\$2 trillion), adds Pritchard. Goldman Sachs, far from wanting a solution, reports that it wants interest rates cut to 3% by the middle of 2008, to continue the hyperinflationary bailout—an impossibility no matter how fast the printing presses work, or the computer-money is generated.

Credit Crunch Leaves Banks Desperate

Nov. 29 (EIRNS)—As the end of the year approaches, and banks must open their books to financial auditors, they are scrambling in search of money. Both the ECB and the Fed are priming the pump but to no avail:

* The *Daily Telegraph* reports that the three-month Euribor is up 74 basis points, the highest since 9/11. This means that banks are so desperate to find money, that they are still trying to offer some junk to other banks, knowing full well that this is causing shock waves and nothing else.

* The ECB yesterday injected 50 billion euros, but "it did little to alleviate funding fears.... This was less than half the amount the banks bid for to cover their funding needs as the year-end credit squeeze intensified. They paid an average 4.65%, the highest in six-and-a-half-years, and was well above the ECB's base rate of 4%," the *Telegraph* writes.

* The *New York Times* reports that "credit flowing to American companies is drying up at a pace not seen in decades, threatening the creation of jobs and the expansion of businesses. According to data from the Federal Reserve, credit availability peaked at about \$3.3 trillion in August, but by mid-November, credit was down to \$3 trillion, a drop of nearly 9%. The *Times* reports, "not once in the years since the Fed began tracking such numbers in 1973 has this artery of finance constricted so rapidly."

* The Fed yesterday hinted at a new rate cut next month and injected \$26 billion into domestic money markets in three transactions.

Housing Prices Fall Steeply Across Britain

Nov. 29 (EIRNS)—Inflated housing prices in Britain are falling at the steepest rate in 12 years. Prices were down 0.8%, just in November, the sharpest decline since June 1995, which was just after the big housing bust of the early 1990s. Then, prices fell some 35% across Britain, and there were 75,000 repossessions in 1991 alone. British mortgage lender Nationwide put out the November figure, and had already warned earlier this month that ten years of house price inflation is over. House purchase approvals are way down, from the peak of 128,000 a month at end-2006 to 88,000 in October, the lowest in three years, according to Bank of England data.

There are various estimates now coming out, of just how much British house prices are overvalued. Yesterday, HSBC bank announced that house prices are 30% overvalued, while last month, the IMF put the figure at 40%. The *Times* today quoted HSBC chief economist Karen Ward warning that the property crash will also take down the pound and force the BoE to cut interest rates. Ward wrote: "There is around 30% of the current house price level that cannot be explained." The report warns that consumer borrowing will shrink, forcing interest rate declines and a pound crash to less than \$1.80. With three-month inter-bank interest rates at 6.59% again, lenders just cannot issue mortgage loans. The Council of Mortgage Lenders warned yesterday that these high rates are a severe blow to smaller lenders in particular, the *Financial Times* reported.

Why Doesn't China Want to Put Its Dollars in the U.S.?

Nov. 29 (EIRNS)—The China Investment Corporation, the fund set up to invest \$200 billion of the \$1.4 trillion in Chinese reserves, has shifted gears, and will now invest primarily in domestic areas, rather than overseas, according to the *New York Times* today, reporting from a source that is "familiar with the company's decision making." The corporation, which put \$3 billion into the private equity fund Blackstone in June, will henceforth devote two-thirds of its funds to "assisting Chinese banks" and other domestic investment. About one-third will go into the two major state banks, the Agricultural Bank and the China Development Bank. Another third will buy the Central Huijin Investment Company, now part of the central bank, thus developing internal infrastructure, industry and agriculture rather than investing abroad.

The \$70 billion which is still planned to go into foreign investments will not take any large stakes in major firms, but will make "many small purchases of equities, bonds and other investments," the source said. They will not consider, for example, a stake in Citigroup, Rio Tinto, or any such "big-ticket items," and will avoid airlines, telecom, and oil, as "potentially contentious" politically.

It may be that the loss of \$1 billion of the \$3 billion investment in Blackstone has played a role in this decision as well.

Asian Funds Get Out, Oil Money Comes In

Nov. 28 (EIRNS)—Middle Eastern oil money is flooding into the world's markets, temporarily plugging holes wherever it

goes, according to the Nov. 28 London *Globe and Mail*. The region's state-run investment funds, and other firms from the Middle East, are on a buying spree, acquiring "ownership stakes in several high-profile companies in the United States and Europe," reports the article. One sovereign investment fund, the Abu Dhabi Investment Authority (ADIA), plans to invest \$7.5 billion in Citigroup, Inc., making it the largest single investor in the bank, and marking this bailout as the largest on record for any sovereign wealth fund—and providing a 24-hour facelift for the U.S. markets.

According to analyst Edwin Truman of the Peterson Institute in Washington, the ADIA has already worked to soft-pedal these opaque, massive, and growing funds to the U.S. government. "Obviously they managed the public relations so they got to key [politicians] before the deal was announced." ADIA controls about \$875 billion in assets worldwide, within what is estimated to be a \$2.5 trillion, and growing, sovereign wealth fund industry.

The loony, and soon-to-be-replaced, director of the U.S. National Economic Council, and top Bush advisor, Allan Hubbard, reports on this as a sign of the soundness of the U.S. economy. "It reinforces the fact that America is a great place to invest," Hubbard told CNBC News. "People recognize we have the most successful, developed economy in the world, we have the fastest growth rate, we're the most secure, and that's why foreigners like to put their dollars here." Sen. Charles Schumer (D-N.Y.), of the Senate Finance and Banking Committee, who previously fought the ownership of U.S. ports by Middle Eastern companies, is looking favorably on this investment, saying that it will save jobs, bolster New York City's status as a global financial center, and give Citigroup's image a needed boost.

United States News Digest

California Legislature Forced To Deal with Foreclosures

Nov. 30 (EIRNS)—California Assembly Speaker Fabian Nuñez and six other Democratic legislators held a press conference yesterday to announce the introduction of five bills to deal with the foreclosure crisis, and to demand that Gov. Arnold Schwarzenegger call a special session of the legislature to pass the bills. At the same time, San Francisco Mayor Gavin Newsom held a press conference attended by community groups demanding action; Los Angeles Mayor Antonio Villaraigosa will hold a press conference calling for action; and Rep. Maxine Waters (D) held hearings on foreclosures in Los Angeles, according to the *California Progress Report*.

In Oakland, earlier in November, a coalition led by City Attorney John Russo, held a press conference Hall to demand stronger state legislation. The state Supreme Court has ruled that localities cannot change mortgage laws. Their call was answered with a pledge from State Senate President Pro Tem Don Perata, who represents Oakland, that he was working to develop legislation to protect homeowners against foreclosures.

LaRouche: Hostage-Taking a 'Set-Up' of Hillary Clinton

Nov. 30 (EIRNS)—A five-hour hostage-taking and bomb threat at Democratic Presidential pre-candidate Hillary Clinton's Rochester, N.H. campaign headquarters, ended today, with the release of all hostages unharmed, and the surrender of the perpetrator, one Leeland Eisenberg, a 46-year-old local man with a history of mental disorder.

Lyndon LaRouche commented, that this represents "a real set-up" of Senator Clinton: a "psychological cage-rattling." In response to the news of the hostage-taking, Clinton cancelled a scheduled speech before the Democratic National Committee meeting in Tyson's Corner, Va., and remained in Washington, in close contact with the campaign staff in New Hampshire, and law enforcement people on the scene.

Eisenberg allegedly wanted Clinton to get on the phone with him to discuss the failure of the mental health system in the

U.S.

Clinton's campaign offices in Iowa were also closed during the Rochester incident, and most other Democratic candidates with offices in Rochester also shut down operations.

Congress Gave Bush the National Guard

Nov. 28 (EIRNS)—A new book by author Naomi Wolf, entitled *The End of America*, while not of great importance in its own right, has raised anew the issue of control of the National Guard, in the context of the Bush-Cheney regime's dismantling of democracy in the United States.

After Hurricane Katrina, President Bush demanded tighter control of the National Guard, following Louisiana Gov. Kathleen Blanco's refusal to relinquish control of the Guard in her state, which was needed to respond to the emergency. Just before it adjourned forever, the GOP-controlled 109th Congress acceded to Bush's demand and rewrote the Insurrection Act, the law covering Federal authority over the National Guard and domestic use of the active duty military, in the fiscal 2007 defense authorization bill. The old law allowed the President to suppress domestic disorder in any state only if the state authorities were unable to or refused to, or if the state opposed or obstructed the execution of the laws of the United States. Under the new law, the President may use the National Guard, or the regular military, to restore public order after any natural disaster, or, *if he determines that the state is incapable of doing so*.

Sen. Patrick Leahy (D-Vt.), co-chairman of the Senate National Guard Caucus, along with Sen. Kit Bond (R-Mo.), warned on the Senate floor Sept. 29, 2006, that these changes "will allow the President to use the military, including the National Guard, to carry out law enforcement activities without the consent of the governor," making it easier for the President to declare martial law.

'Newsweek' Drops Second Shoe on Rudy

Nov. 26 (EIRNS)—In a release dated Nov. 10, Lyndon LaRouche exposed the Presidential game being played behind the scenes: that "the build-up of former New York Mayor Giuliani as a 'hot prospect' ... was a crafted set-up, designed to clear the decks for the present New York Mayor [Michael Bloomberg] to emerge, as if 'miraculously'.... All of the relevant Republican king-makers had known fully in advance of the scandal which would bring Mafia creation Giuliani down, using the case-in-preparation against Bernard Kerik to spring the trap being set against Giuliani."

The Nov. 23 *EIR* carried an article, posted to its website on Nov. 16, "Campaign 2008: The Rudy Bomb—Defused," a full report on this set-up, with details on "the Giuliani family as Mafia; his unrelieved gangster-like assault on the poor as Mayor of New York City; his corruption-ruined communications system at the World Trade Center on 9/11; the obscenity of his milking that disaster"—all the material waiting to be "discovered" by the king-makers.

The Nov. 12 issue of *Newsweek* appeared with a fawning cover story on Bloomberg as the knight in shining armor who could be swept into the White House.

Two weeks later, *Newsweek* has dropped the other shoe: The cover story for this week's issue is "Growing Up Giuliani," trashing Rudy, citing the 2006 book *Grand Illusion: The Untold Story of Rudy Giuliani and 9/11*, by Wayne Barrett and Dan Collins, and emphasizing his Mafia family background and his violence.

'New York Times' Breaks Blackout on BAE Scandal

Nov. 25 (EIRNS)—After a full year of a nearly total blackout in the U.S. press, other than LaRouche's *EIR* and websites, a report on the Justice Department's investigation of bribery and political crimes by the Tony Blair Administration and its Saudi partners was splashed across three pages of the Sunday *New York Times* Business section today. The article leaves out the most explosive aspect of the crime: the use of the BAE slush fund to finance al-Qaeda and other terrorist operations, including links to the 9/11 attack in the U.S., which have been documented by *EIR*. However, the blackout is now broken, and much new material concerning the ongoing DOJ investigation is included.

The article focuses on the expanding use of the Foreign Corrupt Practices Act, mentioning investigations of numerous companies, including Halliburton, for activities "during and after Mr. Cheney's tenure at the company." But the target is BAE and the Brits, naming Tony Blair as the central culprit, and payoffs to Saudi Prince Bandar and Prince Turki. Blair's press conference in December 2006, announcing the cancellation of the British Serious Fraud Office investigation into the BAE scandal, because the "result would have been devastating for our relationship with an important country," is quoted at length, as are sources close to the U.S. DOJ reporting that the investigation is now moving rapidly ahead.

The *Times* reports that the whistle-blower for the series of articles in the London *Guardian* exposing the BAE scandal, one Peter Gardiner, is now cooperating with the DOJ. He was a bagman, delivering the bribes to Saudis and perhaps others. The Swiss government has also decided to cooperate, providing documentation of the dirty dealings.

The DOJ, the report adds, began the investigation of the BAE in 2002, when the permanent under secretary of the British Ministry of Defense, Sir Kevin Tebbit, was called to Washington and questioned on BAE bribes in the Czech Republic and Hungary, which had undermined U.S. aerospace companies' bids on defense contracts. Tebbit was ridiculed afterwards by those involved for his "haughty disdain for the allegations of bribery involving BAE."

Ibero-American News Digest

Colombia-Venezuela Conflict Worsens

Nov. 30 (EIRNS)—The Brazilian government of President Lula da Silva is attempting to cool down the diplomatic dispute between the Colombian and Venezuelan governments, which erupted after Colombian President Alvaro Uribe Vélez announced Nov. 24 that he was ending President Hugo Chávez's role in mediating a hostage-release deal with Colombia's narco-terrorist Revolutionary Armed Forces of Colombia (FARC).

Since then, the situation has deteriorated to the point of a rupture in diplomatic relations. The dispute is having regional repercussions and providing fodder for synarchist factions, particularly those associated with U.S. Vice President Dick Cheney, which seek to spread political and social chaos throughout Ibero-America. Venezuela and Bolivia, the latter country now convulsed by a separatist offensive and violent protest, are the two nations they have particularly targeted.

In a Nov. 29 interview with Brazilian media, Lula emphasized that Ibero-America can only guarantee economic growth and development, if there is regional "peace and tranquility." He underscored that South America will continue with its plans to create the new regional financial entity, the Bank of the South, to be founded on Dec. 9 in Buenos Aires, and to strengthen the Union of South American Nations (Unasur).

Other initiatives have come from Ecuadorian President Rafael Correa and from Brazilian Foreign Minister Celso Amorim. What is missing from the discussion, however, is the realization that without Lyndon LaRouche's New Bretton Woods proposal to replace the disintegrating global monetary system, no local solution can offer the permanent "peace and tranquility" of which Lula spoke. If the Bank of the South is viewed only as a defensive measure against globalization, instead of as the regional component of a "new international financial architecture," as LaRouche proposes, it will ultimately fail.

Bolivia Threatened with Balkanization

Nov. 29 (EIRNS)—Violence and social conflict have gripped Bolivia for more than a week, as pro-government and opposition forces clashed over the writing of a new constitution and the approval of social legislation which oil-rich Bolivian states claim unfairly taxes them.

What makes the situation extremely dangerous is that the base of the movement led by President Evo Morales is predominantly Jacobin, and its rampaging activities provide fuel for the separatist agenda promoted by Bolivia's six oil-rich eastern states, led by the Civic Committee of Santa Cruz. These forces have embraced the scenarios publicized by the American Enterprise Institute (AEI), which foresees Bolivia broken into two distinct nations—one made up of a poor indigenous population, and the other of the more prosperous, six eastern states.

Over the weekend of Nov. 24-25 in the city of Sucre, violence erupted after pro-government forces met in the Constituent Assembly and approved a constitution without the opposition present. The opposition then held demonstrations, which were met by a Jacobin mob that hanged and decapitated dogs, and vowed to unleash a nationwide rampage in defense of Morales's program.

Before the violence ended, four people had been killed, one of them, a policeman, reportedly lynched. The police finally abandoned the city altogether, leaving security in the hands of paramilitary citizen patrols.

On Nov. 27-28, the six eastern states, whose economic activities account for almost 80% of Bolivia's GDP, staged a successful 24-hour general strike against Morales, and announced plans to escalate over the coming days with hunger strikes, road blockades, protest demonstrations, and an international campaign to denounce Morales's "break with democracy."

IAEA To Establish Regional Facility in Argentina

Nov. 30 (EIRNS)—During his Nov. 28-29 visit to Argentina, Mohamed ElBaradei, director of the International Atomic Energy Agency (IAEA), announced that the prestigious Balseiro Center of Bariloche would be designated as a regional IAEA educational facility for training nuclear scientists and engineers.

Prominent Argentine physicist José Antonio Balseiro founded the Center in 1955 and designed its impressive curriculum. Its summer school attracted scientists from all over Ibero-America for several years, and today, it is widely respected as one of the continent's premier institutions for scientific education. It functions as part of the Bariloche Atomic Center and the National Atomic Energy Commission (CNEA), and is connected as well to the highly-regarded University of Cuyo.

ElBaradei traveled to Argentina from Chile, where he received an award from the Bachelet government, and told his guests there that "without nuclear energy there can be no development." In Buenos Aires, he met with President Néstor Kirchner and toured the country's several nuclear facilities and educational institutions.

According to the daily *Clarín*, he also briefed the Argentine President on the contents of the report he had just delivered to the IAEA's board on Iran's nuclear program, in which he argued that there is little evidence to support the claim that Iran is close to developing a nuclear weapons capability. In interviews with the Argentine media, he also warned, that should force be used against Iran, this would drive that country to develop nuclear weapons more quickly. Diplomacy, not military might, is the only reasonable way to approach Iran, he said.

CNN Airl 'Erroneous' Death Threat Against Chávez

Nov. 28 (EIRNS)—For ten seconds on its Nov. 27 Spanish-language news program "Direct from the U.S.," the CNN television network broadcast a picture of Venezuelan President Hugo Chávez, with the caption "Who Killed Him?" In the picture, part of a montage in which Colombian President Alvaro Uribe Vélez also appeared, Chávez had his eyes closed.

After ten seconds, CNN removed the image and announced that it had been a "mistake." But as Chávez subsequently remarked on a national news program, coming just days before the Dec. 2 referendum on his proposed constitutional reforms, in a very volatile domestic environment, the CNN episode can only be construed as part of a broader plan to destabilize the country, possibly including an attempt on his life. "From all appearances," he said, "this is a call for my assassination in Venezuela from a channel that is our declared enemy."

This is not an empty assertion. If the political forces associated with U.S. Vice President Dick Cheney wanted to unleash political and social upheaval in Ibero-America, assassinating Chav@aez would be one way to do it. In recent weeks, Chávez has warned more than once that he is a target for assassination, which he said would be used to plunge his nation into civil war. Cuban President Fidel Castro has echoed Chávez's warnings, most recently in a Nov. 29 article published in *Granma Internacional*, suggesting that Cuban intelligence may have some indication of an assassination plan against Chávez as well.

CNN's "mistake" also comes at a time of greatly heightened tensions between Colombia and Venezuela (see above). President Uribe has recently agreed to join the new Bank of the South, to be founded on Dec. 9, of which Chávez was an early promoter.

Western European News Digest

Dollar Crash Creates Crisis for EADS, Airbus

Nov. 27 (EIRNS)—On Nov. 23, Airbus CEO Tom Enders said that the company may trim its 2-billion-euro (\$3 billion) research budget, as a cost-cutting measure. (Airbus planes are priced in dollars.) On Nov. 27, ATWonline reported that the CEO of EADS (Airbus's corporate parent), Louis Gallois, explained that Airbus loses 1 billion euros in profit for every 10 cent decline in the value of the dollar against the euro. Airbus had announced the cutting of 10,000 jobs after it lost 572 million euros last year, as part of a "restructuring" plan. But that plan was based on a rate of \$1.35 to the euro—it is now worth \$1.48 and falling. Gallois told *Die Welt* that an additional 1.5 billion euros (\$2.2 billion) per year must now be cut, on top of the cumulative 6 billion euros in cuts it had planned, by 2010.

During a speech last week to German labor unions, Gallois said that "the dollar's decline is life-threatening for Airbus," and that European manufacturers may have to move production outside Europe. Enders said that the plan for cuts that they had is "no longer sustainable."

Angry MPs Demand Debate on U.S. BMD at British Bases

Nov. 27 (EIRNS)—In mid-October, a Member of Parliament filed a motion for an open debate on a U.S. proposal to have two Royal Air Force bases upgraded and used as part of the ballistic-missile defense system. The debate was never held. Then, on Nov. 24-25, the House of Commons' Foreign Affairs Select Committee released a report on the U.S. proposal, the British offers to participate, and the Russian reaction to the Polish and Czech proposals. The report recommends that there be a "full Parliamentary debate on these proposals," and "regrets" that these agreements were made without transparency or approval.

Press TV also reported that former Czech Premier Milos Zeman said that the radar base the U.S. wants to install in the Czech Republic is unnecessary, and a provocation aimed at Russia. He stated that a majority of Czechs oppose the base. Last week, the leadership of the new government of Poland said the decision to allow ten interceptor missiles to be deployed on its soil will be reconsidered.

'Drive-By' Scandal Forces Labour Minister To Resign

Nov. 27 (EIRNS)— A flash-in-the-pan scandal hit Britain's Labour Party Nov. 24-25, resulting in the resignation yesterday of the party's secretary-general, Peter Watt. The scandal pivoted around contributions made to Labour by an eccentric real estate developer named David Abrahams. Abrahams, a failed political "wannabe," had made contributions, using his employees as conduits, totalling about \$1 million. The contributions were spread over the last four years. Watt's only apparent fault was his admission that he was privy to Abrahams' subterfuge. Prime Minister Gordon Brown has apologized for the affair; Labour is determined to find a way to return the funds in question.

Barring further revelations, this scandal, which looks like a crass means to tar Labour with the echoes of Blair's recent "peerage-gate" scandal, is over.

Norwegian Cities Lose Money Through Citibank

Nov. 27 (EIRNS)—A credit disaster is rocking northern Norway: As reported in the Swiss daily *Neue Zuercher Zeitung* today, the cities of Narvik, Rana, Hemnes, and Hattfjelldal have lost heavily in U.S. credit derivatives, Narvik being forced to take a loan to pay the December salaries of municipal employees, after losses of 50% with collateral debt obligations in the U.S.A.

The four cities engaged in this speculative venture, in the range of 451 million crowns (\$90 million), combined, at Citibank, using expected future revenues from oil and gas as collateral. Brokers of the firm Terra Securities, assisted in this deal.

Norway's Finance Minister Kristin Halvorsen ordered the nation's financial watchdog agency to look into the affair.

Highly Trained Rioters in Paris: 82 Policemen Wounded

Nov. 28 (EIRNS)—Following the death of two adolescents in an incident involving the police, in the desperately poor Paris suburb of Villiers-le-Bel, rioting turned into open warfare in the larger Paris area, between more than 200 inhabitants of the city and the police, in which, on Nov. 26, 82 policemen were wounded. The rioters were well organized, reports *Le Figaro*, noting that lookouts stationed on the rooftops transmitted early warning signals on the police deployments via their cell phones, to groups of approximately ten rioters on the ground fighting with the police.

Her Majesty's Dogs of War Losing Money

Nov. 28 (EIRNS)—Her Majesty's "dogs of war, the "private military company" Armor Group, announced a profit warning because of losses having to do with the fallout over the Blackwater scandal in Iraq. Armor Group is the former Defence System's Limited, founded in Britain in the 1980s, by veterans of the Queen's own Scots Guards regiment, and then sold to the Florida-based Armor Holdings, which produces security related hardware, and was recently taken over by BAE Systems.

The British Armor Group is no longer part of the Florida company, but is once again based in London in an office at

Buckingham Gate, a few steps from the Queen's Buckingham Palace.

Armor Group's chairman, Sir Malcolm Rifkind, is a potential suspect in the ongoing BAE bribery scandal, by virtue of the fact that he was the Tory defense secretary while the deals were being made.

New Push for Dutch Maglev Route Project

Nov. 29 (EIRNS)—An industrial consortium of international companies went public today, with a proposal for a high-speed train link based on maglev technology, between Schiphol airport, Amsterdam, and the city of Almere.

According to the plan, the train will go through a tunnel beneath the IJmeer, a bay of Lake Marken that separates Amsterdam and Almere, and the train link could later be extended to the cities of Utrecht, The Hague, and Rotterdam for a cost of 5 billion euros.

The proposal is the third attempt to build a Transrapid maglev track in the Netherlands, after two previous plans were shelved by the government. The Dutch government has not yet responded to the proposal.

Russia and the CIS News Digest

Russian PM Discusses America-Eurasia Link Over the Arctic

Nov. 30 (EIRNS)—Russian Prime Minister Victor Zubkov has made a two-day visit to Canada, where his talks with Prime Minister Stephen Harper focussed on transport corridors between North America and Eurasia, and the development of the Arctic. On Dec. 11, *EIR* will address those same topics at its Ottawa conference on "The Strategic Importance of the Eurasian Land-Bridge: Canada and the Coming Eurasian World," which will feature a megaproject that was not explicitly on the Russian-Canadian agenda: the multimodal transport tunnel between Alaska and Russia under the Bering Strait.

Zubkov's and Harper's joint declaration highlighted Arctic cooperation. They talked about shipping options through the famed Northwest Passage. "We are neighbors across the Arctic Ocean," a Russian government source told Itar-TASS yesterday, "and will be discussing the dovetailing of routes and infrastructure across the Atlantic, Pacific, and Arctic Oceans, including the creation of an Arctic Bridge between the Ports of Murmansk and Churchill." Murmansk is Russia's port on the Barents Sea, while Churchill, in northern Manitoba on Hudson Bay, is Canada's only Arctic Port.

In past centuries, Arctic Sea routes have periodically opened up when the ice cover retreats, the most recent time being in the early 20th Century. Russia has highly developed icebreaking technology, and other equipment for use in the Arctic, as seen earlier this year when two Russian bathyscaphs mapped the area under the North Pole. That mission, aimed at showing that Arctic seafloor ridge areas are extensions of the Russian continental shelf, and thus Russia's to develop, was in the background of this week's talks. But Zubkov emphasized a cooperative approach. The business daily *Vzglyad* today quoted him, "Russia calls upon Canada to develop the Arctic Shelf in the Arctic Ocean together."

Also on the agenda, as Zubkov met leaders of the parliament and the business community, besides government ministers, were nuclear energy and overall economic cooperation. Zubkov said, "Cooperation is very important for us.... We signed agreements on agriculture, fisheries, nuclear power, and trade financing, as well as the Arctic and northern regions."

Besides building up Arctic port infrastructure, Zubkov and Harper looked at other "untapped potential" in bilateral economic relations; Russian-Canadian trade was worth barely US\$2 billion last year. Russia's Atomredmetzoloto and Canada's Cameco will cooperate on uranium exploration and mining. Sergei Kiriyenko, head of the state agency Rosatom,

announced: "We have signed an agreement to establish two joint ventures. Diversification of uranium supplies is extremely important for Russia. We want not only to get uranium from Canada, but also we want to have an opportunity to invest in production of uranium in Canada." There are gold- and silver-mining joint ventures, and cooperation in aircraft and agricultural implements manufacturing was discussed.

Zubkov said he wanted to change the lopsided investment flows, whereby Russian investment in Canada has exceeded flows in the other direction sevenfold in recent years, due to events like Norilsk Nickel's acquisition of the Canadian nickel and gold company LionOre. His urging that Canadian firms get active in the Russian market brought some of Canada's less savory institutions to the fore during this visit, as well. The real estate company SITQ, a specialist in office buildings and business centers, has set up a \$200 million partnership with Russia's VTB (formerly Foreign Trade Bank) to pursue commercial real estate projects in Russia. And Scotia Bank (the Bank of Nova Scotia, a core Britain-American-Commonwealth banking institution) announced the opening of its office in Moscow, to coordinate activity of its subsidiaries specializing in "stock market and financial deals involving precious metals" and "global mergers and acquisitions in the oil and gas sectors," Prime-TASS reported.

Russia's Lavrov: U.S. BMD Proposal Is 'Major Setback'

Nov. 27 (EIRNS)—Following a meeting this morning with U.S. Secretary of State Condoleezza Rice, Russian Foreign Minister Sergei Lavrov criticized the proposal on ballistic-missile defense cooperation, offered last week by the United States. "The formal proposals we have received and are continuing to study," Lavrov said, "are a major setback from what we agreed [to] in Moscow in early October." He said that the administration did not appear to be seeking Russian cooperation in assessing possible threats (which the U.S. had appeared to accept at the time): "If by cooperation they mean pursuing their unilateral plans to build missile defense facilities in Eastern Europe and invite us to share our information, that is not what we have in mind, when we propose jointly analyzing threats and the subsequent measures to be taken."

Lavrov said Russia still hoped a compromise could be reached at upcoming expert-level talks, the date for which has not yet been set.

Putin Denounces Electoral Meddling from Outside

Nov. 26 (EIRNS)—President Vladimir Putin today accused the U.S. State Department of coercing the Office of Democratic Institutions and Human Rights (ODIHR) to abandon its monitoring of Russia's parliamentary campaign, as a means of trying to undercut the perceived legitimacy of the elections. "According to information we have, it was again done at the recommendation of the U.S. State Department, and we will take this into account in our inter-state relations with this country," Putin was quoted in wire reports, "Their goal is the delegitimization of the elections. But they will not achieve even this goal.... We will not allow anyone to poke his snotty nose into our affairs."

Russia Ready To Supply Iran's Nuclear Power Plant

Nov. 30 (EIRNS)—International Atomic Energy Agency (IAEA) inspectors wrapped up their work of inspecting the first consignment of nuclear fuel for the Bushehr nuclear power plant in a company in Novosibirsk city. The inspectors have approved the quality of Russian nuclear fuel for delivery to Iran, Konstantin Grabelnikov, deputy head of Russia's Novosibirsk Chemical Concentrates Plant, said Nov. 30. "Inspection of fuel rod arrays confirmed the enrichment of uranium-235 to lower than 5 percent," he added, noting that the fuel will be sent to Iran once it is required. The exact time of commissioning the plant is not determined yet, but upon agreements, the fuel should be delivered six months prior to the commissioning of the plant.

The announcement of the approval of the fuel rods came the same day that Iran's top nuclear negotiator, Saeed Jalili, and

EU foreign policy chief Javier Solana met in London to continue discussions of Iran's nuclear program. The talks are taking place prior to a meeting in Paris on Dec. 1 between the six countries mediating in the Iranian nuclear dispute, to discuss new, tougher sanctions against the Islamic state, which has ruled out any possibility of halting uranium enrichment, a principal demand of the Bush Administration.

Southwest Asia News Digest

Lavrov: Next Peace Conference Will Be in Moscow

Nov. 28 (EIRNS)—"The next peace summit between Israelis and Palestinians will be held in Moscow," Russian Foreign Minister Sergei Lavrov stated today at Annapolis, according to the Russian news agency Interfax. Lavrov said the proposal had been greeted enthusiastically by the participants of the Annapolis meeting on Mideast peace, though no date has been set.

The prospect of a major Moscow role in the follow-up to Annapolis is something that Lyndon LaRouche had anticipated, in statements concerning the importance of Russian President Vladimir Putin's activity in negotiating aspects of the peace policy long before the Annapolis meeting. On Oct. 19, just after Putin and Israeli Prime Minister Ehud Olmert met in Moscow, LaRouche evaluated the three-hour meeting between the two: "It's very important. This is extremely important, because we know exactly what it is. The point is, that the question is Iran. It involves everything, including the U.S. policy on this missile-defense thing. And so, what Putin is going for, is to get a package which is attractive to a number of people, and see what can fly from it. It's obvious." LaRouche also said that the Putin-Olmert discussion would determine whether the Israelis would go to Annapolis.

On Lavrov's statement about a followup meeting in Moscow, the Jewish Telegraph Agency (JTA) reported that Lavrov also said that Russia would broker peace talks between Israel and its northern neighbors, i.e., Syria and Lebanon. JTA quotes Lavrov as saying, "This is crucial not only for the solution of all key problems in Palestinian-Israeli relations—I mean the border issue, refugees, and the state of Jerusalem—but also for approaching other spheres of the Middle East settlement, the Arab-Israeli conflict. I mean the Syrian and Lebanese areas."

Lavrov proposed a follow-up conference in Moscow in the Spring of 2008. Arab League Secretary General Amr Moussa supported this idea, and said that negotiations should be expanded to include Syria and Lebanon as well. Discussion of a potential Moscow conference on the Middle East has been appearing in the Israeli press, suggesting this as a venue for an Israeli-Syrian peace initiative.

Israel Open to Negotiations with Syria

Nov. 28 (EIRNS)—Miri Eisin, the spokeswoman for Israeli Prime Minister Ehud Olmert, said today in Washington, that Israel would be in favor of negotiating a peace treaty with Syria. At a press conference at the National Press Club subsequent to the meeting of the Israeli and Palestinian leaders with President Bush, she replied to a question from *EIR* regarding Syrian participation at Annapolis: "Syria is a pivotal player in the region. And when you talk about peace with a neighboring country you have to think hard about the issues." She then noted Syria's support for Hezbollah and Hamas. "But they made a choice to come to the conference. There is then the possibility that through the process that has been opened, we can begin to also discuss with the Syrians. It definitely opens new avenues for discussion." She added, however, "I don't think you will suddenly see the announcement of an agreement as a result of some secret negotiations," playing down *EIR*'s reference to possible back-channel talks going on. "But Syria is a pivotal player and Olmert has said several times that he would want to come to an agreement with them."

An Arab journalist covering the Annapolis summit indicated to *EIR* that his sources in Tel Aviv had told him that the

Israelis had pushed hard to get the Syrians invited to Annapolis.

Eisin indicated that the road ahead would be difficult on both the Israeli and Palestinian sides, and that both parties had major obstacles internally to overcome. Nevertheless, she indicated that there have been "subtle changes" in the situation which have allowed the two leaders to begin discussions. "They are gradually building a bond of trust. Nevertheless, there are questions on the ability of being able to deliver on both sides. If we do nothing, bad things will happen. We can't re-explain the past, but we have to focus on the present."

Eisin also indicated that there were now parties at the table that were not there before, and that could make a difference, noting that it was the first instance of an Israeli leader speaking at an assembly where the Saudis and many other Arab countries were in attendance. "They're there and involved, not mediating the process, but supporting it," she said.

In response to a question about Syrian complaints about Israel taking too much water from the Jordan River, Eisin said that Israel "has one of the best programs for water utilization. We are cooperating with China, a very big country but with major water shortages, in the issues of efficient water management." If Israel can achieve agreements with its Arab neighbors, "Israel's technological potential can be used to the benefit of the world."

Bush Administration, Basically, Takes Iraq As a Colony

Nov. 27 (EIRNS)—On Nov. 26, as the Annapolis meeting was beginning, President George W. Bush and Iraqi Prime Minister Nouri al-Maliki signed, via videoteleconference, a document intended to lead to setting the terms for a long-term U.S. military presence in Iraq. The signing was a curious event, in that Iraq did not attend the Annapolis meeting. One well-placed source in a major Arab country told *EIR* that Iraq's reason for not attending the meeting was essentially its lack of sovereignty. "What is Iraq really?" said *EIR*'s contact, noting that the country doesn't know if it is Sunni or Shi'ite, or whether it will be divided or remain unified. Those matters are out of its government's scope.

Therefore, the language of the document is highly suspect. It states that the U.S. and Iraq "are committed to developing a long-term relationship of cooperation and friendship as two fully sovereign and independent states with common interests." The document sets forth principles in the political, economic, and security spheres, which belie that opening declaration. Among other things, those principles include keeping the largely American-authored constitution in force, giving U.S. investment in Iraq preference over other foreign investment, and providing "security assurances" not only against foreign aggression, but on internal security as well.

Lt. Gen. Douglas Lute told reporters that the agreement stems from a joint communiqué of Aug. 26, in which Maliki asked the United States for a long-term relationship. He described it as a "mutual statement of intent that will be used to frame our formal negotiations" in 2008. The size and posture of the future U.S. occupation force is supposed to be worked out in those negotiations, but withdrawal timelines or goals are not "anticipated" to be included.

The nature of the agreement is also such that it bypasses Congressional input; and, it is not anticipated that the agreement will lead to a formal treaty requiring ratification by the U.S. Senate.

U.S.-Iran Science Academies Continue Dialogue

WASHINGTON, D.C., Nov. 29 (EIRNS)—In a report-back meeting today, members of a delegation from the National Academy of Sciences (NAS), who visited Iran Oct. 13-22, at the invitation of Sharif University and the Iranian Academy of Sciences, described their visit, and called for increased "engagement" with Iran. The participants are fully aware that their activity, which they report is encouraged by the "highest level" of government in both the United States (State Department and Treasury) and in Iran, is a war-avoidance measure, to keep channels open and build trust, in a political situation which

is dangerous and deteriorating. The Academy's bilateral cooperation with Iran's scientific institutions began in 1999.

The delegation met with Iran's vice president for science; held a workshop, titled, "Science, a Gateway to Understanding," with the participation of former Iranian President Mohammad Khatami; visited research centers; went to the holy city of Qom, where they met with Grand Ayatollah Mousavi Ardebili; participated in television interviews; and held a public lecture, attended by more than 1,000 people, which was broadcast live to universities all over Iran.

Dr. William Colgazier, executive officer of the NAS, explained that Iran has a "large science and technology infrastructure," and is a "leader in the Muslim world." He was seconded by Dr. Norman Neureiter, who was appointed the first Science and Technology Advisor to the Secretary of State in 2000. The delegation was met with "effusive friendliness," he said, and received greetings from the Iranian President, who had intended to meet with them but was engaged in the Caspian Sea conference at that time.

At a dinner in their honor, Iranian Vice President for Science Sadegh Vaez-Zadeh challenged the participants to help monitor and deter "inappropriate uses of scientific discoveries that cause harm," and that all subjects should be on the table. Khatami warned that a war between Iran and the United States would be a catastrophe "for both sides." Although the nuclear question was not formally discussed, in informal discussions, all of the Iranian scientists reaffirmed that Iran fully intends to develop civilian nuclear energy. Dr. Neureiter reported that they reject anyone making "demands," but none took seriously the accusation that Iran is developing nuclear weapons. Many thought that the Iranian President's inflammatory rhetoric "contributes to the isolation" of their country.

Both sides agreed to increased cooperation for 2008, to include: a bilateral workshop in Iran on reducing earthquake damage; an exchange of science policy specialists, with an emphasis on young professionals; and opening channels of communication between Thomas Jefferson High School for Science and Technology in Virginia with a counterpart secondary school in Tehran.

The Academy is trying to get other scientific and educational institutions involved in exchanges with Iran, and Glenn Schweitzer, a member of the delegation, stressed that no government funds should be used, as is the Academy's policy, so as not to be seen as a "regime change" agent by the Iranians.

Asia News Digest

Two Chinese Power Giants To Construct Nuclear Plants

Nov. 30 (EIRNS)—The two biggest Chinese power producers, China Huaneng Group (CHNG) and China Guangdong Nuclear Power Group Company Ltd. (CGNPG) of Shenzhen, have signed an agreement to jointly build the Huaneng Shandong Shidaowan nuclear power plant in Beijing. The plant will consist of four 1,000 MW pressurized water reactors (PWRs). The construction of the four units will be done in two phases. The reactors will be provided by foreign manufacturers.

This is an important endeavor for the Chinese power giants in carrying out the nation's mid-term and long-term nuclear power plans. The signing of the agreement shows that CHNG is actively participating in the construction of a nuclear power project, in addition to the nation's key project, the demonstration nuclear power station with a high-temperature air-cooled reactor.

The Huaneng Shandong Shidaowan nuclear power plant is in Rongcheng City, a city under the jurisdiction of Weihai City in northern China's Shandong Province, where there is less resettlement and sound transportation conditions. In addition to

3,800 MW of nuclear units with high-temperature air-cooled reactors planned, the site is also capable of housing 4,000 MW of nuclear power units with pressurized water reactors.

Impending Water Crisis in Asia

Nov. 30 (EIRNS)—On Nov. 29, Asian Development Bank (ADB) issued a report addressing the drastic lack of water infrastructure throughout Asia. Although replete with such trendy unscientific issues as global climate change and the importance of biofuel to mitigate the petrochemical requirements of growing nations, it, however, rightly said that "there is now enough knowledge, technology and expertise available in Asia to solve all its existing and future water problems."

By far the most populous of all continents, Asia is endowed not only with people, but also with abundant water. However, inadequate management of water, lack of large integrated water-related projects which include transfer of water from water-surplus rivers to non-perennial rivers, and inter-basin transfer of water are going to lead to severe water crises. The crisis will be compounded by the fact that since the large population of Asia needs steady growth in agricultural production in the years to come, and good water management is an absolute must. Moreover, the majority of the Asian population depends on paddy, which requires a large amount of water for its growth.

The report pointed out that the use of water in Asia's energy sector is an important issue. Asian electricity consumption is rising between 5% and 8% annually, so there is a need to include the water needs of the energy sector in national policies. The study said that "not one Asian developing country has seriously assessed the current and future water requirements of its energy sector."

NSC Report Shows Failure of the U.S. War in Afghanistan

Nov. 25 (EIRNS)—The U.S. National Security Council (NSC) compiled a report this month on Afghanistan, evaluating the goals set out in a late 2006 in-depth review, finding that none of the economic, governance, and security goals have been met, despite "success" in every military operation and an increased bodycount of the "bad guys." Sources close to the study told the *Washington Post* that the NSC found that the military victories are transitory, while Taliban control expands every month. One former senior commander in Afghanistan said that the military claims of success are "a very tactical outlook in a game that is strategic."

UN Scores Political Assassinations in the Philippines

Nov. 29 (EIRNS)—The Philippines military is "in a state of denial concerning the numerous extrajudicial executions in which its soldiers are implicated," concluded Philip Alston, the UN Special Rapporteur assigned to investigate what *EIR* has labeled the Philippines' "Operation Condor." Operation Condor was the assassination policy implemented by fascist Gen. Augusto Pinochet in Chile, under the guiding hand of George Shultz. Shultz is also the architect of two coups in the Philippines, in 1986 and 2001, through his asset Gen. Fidel Ramos (see [**"Shultz Brings Operation Condor to the Philippines,"**](#) and certainly authorized the current murder spree against political opponents, through the same Ramos, who remains the controller of the Philippines government.

The UN report concludes that "leaders of leftist organizations are systematically hunted down, by interrogating and torturing those who may know their whereabouts, and they are often killed following a campaign of individual vilification designed to instill fear into the community." He adds that the criminal justice system is corrupted, "increasingly focused on prosecuting civil society leaders rather than their killers," who act under a cover of "prevailing impunity."

While Alston does not declare the government of President Gloria Macapagal Arroya to be a puppet regime of Ramos and

the military faction under Shultz's control as *EIR* has charged, he does report that Arroyo's "many measures" to respond to the killings "are encouraging, but they have yet to succeed, and the extrajudicial executions continue."

Dollar Collapse Brings 'Imported Inflation' to China

Nov. 27 (EIRNS)—Chinese economists are warning that the crashing dollar will breed more inflation and encourage flows of speculative "hot money" into China, reports a commentary in the *China Daily* published yesterday. The dollar has fallen 10% against the renminbi, since the RMB was de-pegged from the U.S. currency in July 2005. The China International Capital Corporation (CICC), in a new report, warns that the dollar will keep on falling, at least until mid-2009. Economist Guo Tianyong of the Central University of Finance and Economics warned that, as the dollar falls, more speculative capital will move into China in search of profits, increasing inflation, which is already well over double the official target rate of 3%. At the same time, international prices of key commodities such as oil, grain, and raw materials are rising, stoking more of what Guo called "imported inflation." Measures such as increasing internal interest rates are next to useless against these "international factors," Guo told *China Daily*. Shi Jianhuai, economist at Beijing University, warned that hot money just keeps getting into China, despite authorities' efforts to control the speculative funds.

New Cross-Korean Transport System Ready To Proceed

Nov. 28 (EIRNS)—Developing the cross-Korean transport system will unite the peninsula and create over 4 million new jobs, the South Korean Construction and Transportation Ministry (MOCT) announced on Nov. 25. The project will unite the entire peninsula, and link it to China and Russia. The MOCT will be investing over \$3 billion equivalent, to double the volume of South Korea's transport by 2019.

The plan will create two inter-Korean railways, which will cross in an "X" at Seoul. One will go from Pusan on the southeast coast, crossing to Sinuiju on North Korea's west coast, which is on the Chinese border. The second line will go from the southwest South Korean port of Mokpo to Cheongjin in northeast North Korea, on the Russian border.

The overall plan is to make it possible to carry out the agreements reached by South Korean President Roh Moo-hyun and North Korean leader Kim Jong-il at their October summit, for expanding Korean economic cooperation. Air and sea facilities will also be developed and integrated into the transport system, and the overall program will help "reduce the socio-economic costs related to logistics" and create some 4,170,000 new jobs, the MOCT said.

Africa News Digest

Mugabe Slams U.K. as Thousands Rally To Support Him

Dec. 1 (EIRNS)— In a speech yesterday to thousands of supporters in Zimbabwe's capital Harare, President Robert Mugabe thanked fellow African heads of state for their support against what he called an "onslaught" by Britain and its allies, according to the South African *Mail and Guardian* today, which cited AFP and South Africa Press Association reports. Britain had demanded that Zimbabwe be barred from the European Union-Africa summit being held in Portugal this weekend.

"Zimbabwe is an African country. We are totally independent from Britain. Let Britain there listen to this simple lesson that Zimbabwe is no longer a British colony," Mugabe told several thousand veterans of the liberation war. "We are no longer British territory. Britain has no right to discuss [Zimbabwe] almost every week in their stupid Parliament. Have they no sense? Has Britain ceased to have any rationality?"

"I want to express our gratitude to our fellow members of the Southern African Development Council (SADC) for their support of Zimbabwe in its assertion to defend its sovereignty against the onslaught that has come from Britain and its allies," said Mugabe. "You value your country and no amount of hunger or suffering will make you surrender your birthright." He also accused multinational companies operating in Zimbabwe of colluding with his foes in the West to instigate revolt against his rule. "They withhold products to try to make people turn against their government," he charged, according to the *Mail and Guardian* report.

Unable to have Mugabe barred from the summit, now it will be the chair of British Prime Minister Gordon Brown which will be empty, since he has refused to attend if Mugabe will be there. Although the British have accused Mugabe of human rights violations and corruption, the same circles have not said anything about the latest Labour Party funding scandal in Britain, which could potentially ensnare Brown in a criminal investigation.

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[top of page](#)

[home page](#)