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Bloomberg Fools Them Again:

The Flirt

by Lyndon H. LaRouche, Jr.

New York's most notorious bachelor, spends much of his time with his mother, when not being the kind of public political "flirt" which is otherwise called, privately, a "c---teaser" by the kind of psychoanalyst who prefers to come directly to the point at issue. "No, I do not plan to run," implying, thus, "I'm really a virgin at heart" (saying nothing of other bodily parts), says the flirtatious Mayor Bloomberg. And then he suggests, with a street-walker's wink, sotto voce, "but, you can keep trying, if you like." The offer actually stands; but, the price has just gone up.... With the organized-crime-linked scandal around Obama being promoted by some leading international press circles, Obama's candidacy is being maintained, only temporarily, for only one reason: to use him in a continuing effort to eliminate Senator Hillary Clinton's candidacy, so that the fascist option of Mayor Bloomberg's candidacy could be brought into play....

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Feature

Bloomberg Fools Them Again:

The Flirt

by Lyndon H. LaRouche, Jr.

At this point, the flirtatious New York City Mayor Michael Bloomberg appears to be the leading candidate for becoming London's 'corporativist' dictator of the United States. With John McCain's health a question mark, Barack Obama's candidacy is being maintained, only temporarily, solely to use him in a continuing effort to eliminate Hillary Clinton's candidacy, so that the fascist option of a Bloomberg Presidency could be brought into play.

Mitt Romney Walks Out

Where does Bloomberg, a follower of the corporativist economic and social 'infrastructure' policies of Benito Mussolini and Adolf Hitler's Hjalmar Schacht, fit into the mainstream Presidential primary campaigns? **Lyndon LaRouche** says that if both Obama and Clinton were eliminated, and replaced by a Bloomberg or McCain-Bloomberg ticket, the likely result would be immediate adoption of the specific fascist economic and social programs being pushed by fascist Felix Rohatyn today.

British Have Obama by the Short Hairs

National

Kanjorski Caves In

Rep. Paul Kanjorski, like many others who have endorsed, or were considering endorsing LaRouche's Homeowners and Bank Protection Act, has come under heavy pressure to lie about the measure, from those associated with the Presidential campaign of New York Mayor Bloomberg's organization, on behalf of an explicitly fascist program on 'infrastructure' policy, as was recently announced in Los Angeles by Bloomberg, and Governors Schwarzenegger and Rendell.

International

Brits Get Caught With Their Hands in Afghan Opium Jar

The Taliban have been strengthened in Afghanistan's Helmand—the biggest drug-producing province— due to British interference. The British are running a little colonial game there, but President Karzai saw through the murderous plot they were hatching against him.

Will NATO Die at the Gates of Kabul?

Serious rifts are coming to the surface among the NATO allies, over how to proceed in Afghanistan. With the war lost, militarily, is NATO also about to implode?

Anglo-Dutch Financial Cartel Promotes Colombia Venezuela War

Is the Devil in Your Laptop?

The British Empire's Suicide Club:

The Noun Generation

Today's youth, living as miserable subjects in post-industrialized societies, are finding their purpose in life in hedonistic pleasures in clubs on today's Internet 'social networking' sites. This form of 'thrill-seeking' involves suicide clubs, which have led to young friends committing suicide.

Economics

Bailouts and Corporativism, or Franklin D. Roosevelt

The intention of the financial oligarchy has always been, that when financial trouble comes, as is now happening, to shift their losses to the population, while allowing corporativist privatization of public services, instead of taking the FDR approach of defending the general welfare.

India: A Powerless Giant. . . But, Who Made It That Way?

Land-Bridge Development Could Transform Eurasia

Renewed Push for Texas High-Speed Rail Could Spark a U.S. National Effort

- **Texas High-Speed Rail:**
Past, Present, Future

Excerpts from a paper proposing development of the Texas Triangle High Speed Rail Project, by **Hal Cooper, Jr., Ph.D., P.E.**

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The American Patriot

Lincoln's American System vs. British-Backed Slavery

Lincoln knew that he had to overcome, not a section of his own country, but an imperial enemy, which included the Slave South as an integral part of its global system. He knew he had to have the power of the Union, to take on that global system, in order to end slavery.

Frederick Douglass:

We Had To Save the Union

Editorial

It Can Happen Here

U.S. Economic/Financial News

Loan Workouts Outpaced by Bad Loans, Foreclosures

Feb. 7 (EIRNS)—A study by the State Foreclosure Prevention Working Group, made up of state attorneys general and bank regulators from 11 states, says that mortgage companies have stepped up their efforts to work with delinquent borrowers, but that effort is not keeping up with the rise in bad loans. According to a press release today by Ohio AG Marc Dann, the report includes information from 13 of the top 20 servicers, which provided the requested data for the month of October, 2007. These servicers (agents that collect payments on mortgage loans and transfer those payments to the investors who own those loans) represent 58% of the total subprime servicing market. AG Dann highlighted the following specific findings of the report:

** Seven out of ten seriously delinquent borrowers are not receiving any assistance from their servicers in keeping their homes.* The data show a large gap between the number of homeowners needing help and the number currently receiving assistance, and suggest that a rising number of loan delinquencies are outpacing the increase in servicers' efforts to help homeowners.

** Servicers have increased their use of loan modifications and other home retention options.* The report shows that in October 2007, only 9% of the delinquent borrowers getting help from servicers had gotten a loan modification. However, the sector is reporting currently that 45% of homeowners were being considered for loan modifications. Servicers are increasing their use of longer-term changes to the mortgage loan versus their earlier reliance on short-term repayment or forbearance agreements.

** Payment resets on adjustable rate mortgages (ARMs) have not yet been a driving force in foreclosures.* A significant percentage of subprime adjustable rate loans become delinquent before their loan payment rate jumps to a higher amount, which usually happens two to three years into the loan. This suggests weak underwriting, or fraud, in the origination of the loan.

** Homeowners are helping themselves.* Resolution of most delinquent loans in October 2007, occurred due to the homeowner catching up on back payments. That is, homeowners, not servicers, have prevented the largest number of foreclosures.

* *The refinance option has nearly evaporated.* Historically, serial refinancing was the primary way that the mortgage business and homeowners managed delinquencies in subprime loans. Despite recent interest rate cuts, the mortgage business will not be able to refinance its way out of this crisis, absent dramatic changes in available loan "products" or a reversal in home price declines.

A *Wall Street Journal* article today on the Working Group's report says that it also highlights tensions between state and Federal officials. JP Morgan Chase and Wells Fargo refused to provide data to the Working Group "on the advice or direction" of the Comptroller of the Currency. The Comptroller's comments on the matter essentially say that the states should butt out of the affairs of banks which are Federally supervised, and focus only on state-regulated banks.

Even Blue Chips Dragged Down by Toxic Debt Packages

Feb. 9 (EIRNS)—It's not only school districts and municipalities which have lost millions of dollars in operating money they parked in supposedly "liquid" investment vehicles lately. Even blue-chip companies like Bristol-Myers Squibb have been affected—through auction-rate security investment vehicles that have morphed from super-safe, super-transparent investments for short-term funds, backed by such assets as government taxes, into murky securities stuffed with risky collateralized debt obligations (CDOs) tied to subprime mortgages.

According to the Feb. 18 *Business Week*, all went well until the credit market seized up in August 2007, and auctions began to fail for lack of bids for the debt products. This left companies unable to remove their money to use or reinvest. Bristol-Myers lost \$275 million in such investments, while U.S. Airways lost \$10 million. Some companies have sued the investment banks which sold them the toxic securities, notably MetroPCS, which sued Merrill Lynch after its \$134 million investment seized up last year.

One high-profile suit by Springfield, Mass. against Merrill Lynch recently resulted in the reimbursement of \$14 million to the city. Merrill Lynch was accused of investing city money into auction-rate securities without city consent.

Mussolini-Style Infrastructure Scheme Booed in New Jersey

Feb. 7 (EIRNS)—New Jersey Gov. Jon Corzine (D) was booed and jeered repeatedly in Monmouth County on Feb. 4, as he began a statewide tour to push his 75-year highway toll scheme to restructure the state's debt and fund infrastructure projects. *The Hub*, a local New Jersey paper, reported that "a crowd of over 1,000" filled the high school auditorium and an overflow room, and "booed loudly and often" as Corzine detailed his plan.

To tackle the state's \$3 billion deficit, Corzine, a former head of Goldman Sachs, has turned to his banker friends for a fix. The crux of Corzine's scheme, worked out by UBS Securities LLC, creates a "quasi-independent public benefit corporation," which would contract with the state to run its three major toll roads, while increasing tolls up to 50%. Any surplus revenues would be used to pay down the state's debt, and fund statewide transportation projects. In addition to this "asset monetization" scheme, Corzine proposes to freeze spending for the next year's budget.

The rejection of Corzine's scheme by New Jersey's citizens follows the rejection of California Gov. Arnold Schwarzenegger's similar plan.

Wheat Prices Go Up, Inventories Go Down

Feb. 8 (EIRNS)—The wheat price rose to a record for a third consecutive day, on the Chicago Board of Trade, gaining the

maximum increase permitted by the exchange, as the United States forecast its lowest inventories in 60 years and global demand outpaced production. The U.S. will hold 272 million bushels at the end of May, the lowest since 1948, and 6.8% less than expected a month ago, the Department of Agriculture said in a report issued today. Inventories in the United States, the world's biggest wheat exporter, will drop 40% from a year earlier. Wheat futures prices have more than doubled in the past year as supplies dwindled.

Global Economic News

Prices Soar for Coal, Other Commodities

Feb. 4 (EIRNS)—Coal prices jumped 25% over the past week in trading centers in South Africa and Australia, after rising 73% globally in 2007. The price rose from \$97 a ton for the week ended Jan. 25, to \$11 a ton for the week ended Feb. 1, on the Newcastle market, and from \$93 a ton to \$116 a ton in Richards' Bay, both in South Africa, and today the price for coal for March delivery hit \$130 a ton.

Other commodities are in the same soaring spiral, including agricultural goods and metals. ArcelorMittal South Africa announced that it is raising the price of its various basic steel products by 5-12%, as of March 1. China steel has increased its prices by \$65/ton recently; and projections are that steel prices could increase by another \$100 this Summer.

Until 2003-04, steel prices were in the \$400 a ton range, then rose to \$700 a ton, and now are taking off. A steel industry website, www.steelonthenet.com, has chronicled the price segments included in producing a ton of steel. From the beginning of 2005 through December 2007, iron ore is up almost 30%; thermal coal has almost doubled; and the higher quality coking coal is up 20%; natural gas is up about 50%, and electricity over 20%.

Report Predicts Soaring Foreclosures for Australia

Feb. 5 (EIRNS)—A joint study by JP Morgan and Fujitsu Consulting forecast that as many as 300,000 families will be foreclosed on in 2008—6,000 per week, a huge figure relative to Australia's 22 million inhabitants, and a doubling from a similar study done in September 2007. Another 350,000 are expected to be under "mortgage stress" (paying over 35% of their income for housing).

That news has really hit the headlines in Australia over the past 48 hours, forcing "third Way" Labor Prime Minister Kevin Rudd to comment that, "The pressures on working families arising from mortgage pressure ... are acute," but Rudd made clear that his first priority is "fighting inflation" through interest-rate increases by the Reserve Bank—which will throw hundreds of thousands more Australians onto the street, beyond even the current projections.

Australian homeowners have a debt-to-income ratio of 175%, even worse than the 130% in the United States, while Australian families spend 6.1 times their entire household income to buy a typical home, compared to 3.6 times in the U.S.A. New South Wales MP Paul Gibson told the *Sydney Morning Herald* on Feb. 5, "I have people every day coming to see me because they are homeless or have been waiting years for housing. It's just getting worse and worse."

Commercial Property Collapse in U.S.A. and U.K.

Feb. 6 (EIRNS)—The *Financial Times* reported today what *EIR* has been saying for months: that collapse of commercial property values will be the next big shoe to drop. Big U.S. property companies are unable to refinance short-term borrowings, like the New York developer Harry Mack, who has failed to refinance \$5.8 billion in short-term loans. He reportedly lost control of the building he had purchased, to Deutsche Bank, which made the loans.

The Australian shopping mall developer Centro, which entered the U.S. market in a big way, now cannot refinance \$3.4 billion in short-term debt. Ian Bruce Eichner, who developed a \$3 billion casino-condo-hotel project in Las Vegas, defaulted last month on \$760 million in debt. Investors are expected to see a 24% default rate, three times historic levels. In some areas, commercial property prices have collapsed by 10%. The same is happening in Great Britain, with British Land about to announce significant writedowns.

In Spain, the government is trying to put together a bailout of the country's collapsing real estate bubble, which has been among the largest in Europe. Prime Minister José Luis Rodríguez Zapatero wants to use the Public Credit Institute for an Eu10 billion credit line to help real estate developers and homeowners. PCI is an arm of the Spanish Treasury, with a writ to finance the promotion of technology and green energy.

In addition to the fact that this will not reflate the bubble, a government bailout would hit Spain's creditworthiness and therefore affect the rates given to its government bonds, already suffering a rise in spreads with German bonds.

The real estate sector continues to put out the lie that there is no problem and it does not need a bailout. Pedre Perez, head of the Spanish G-14 property group, claims that the whole story is untrue, and that "no such thought would cross our minds. Commercial property is still doing magnificently. This can be resolved by market forces."

Rio Tinto Rejects BHP Billiton Takeover

Feb. 7 (EIRNS)—The board of the world's third-largest mining company, the Anglo-Australian firm Rio Tinto, yesterday rejected the latest takeover bid of the largest mining company, BHP Billiton. The *Wall Street Journal* speculates on Feb. 7 about what the "right price" may ultimately be, but notes that one key shareholder "might not be swayed by shares or cash": the group including Aluminum Corp. of China (Chinalco) and Alcoa Inc., which last week acquired a 9% stake of Rio Tinto.

Chinalco's action, despite statements by Chinese officials to the effect that it was merely a financial investment like other recent Chinese "sovereign fund" investments, has a strategic economic dimension. The *Journal* reported at the time of the Chinalco/Alcoa acquisition, that China had been particularly concerned since the potential deal was announced last November, that a combined BHP-Rio "would dominate supplies of iron ore, aluminum, and other commodities and drive up prices." Indeed, Rio Tinto in mid-January moved to charge some of the steelmakers with which it has long-term contracts, *three times* the negotiated price. As the *Journal* explained, "Rio Tinto is exercising a little-known clause in its iron ore contracts that allows the company to supply just 90% of the contracted iron ore at a fixed, negotiated price. The other 10%, at the discretion of Rio Tinto, could be priced according to the spot market." The article reported that Chinese steelmakers in negotiations with the major exporters of iron ore said that the miners wanted a 75% increase in prices; Rio Tinto's iron-ore division CEO Sam Walsh was quoted to the effect that even that wasn't enough to fill the spot and benchmark price gap.

Among the speculations about the ultimate alternative to a BHP buyout, is that Rio Tinto may decide to carve itself up and sell off the pieces. The *Journal* notes that if it does so, the Chinese would be interested in Western Australian iron-ore deposits, since Chinese steel mills are the chief buyers of Australian iron ore and have been hit hard by price increases in recent years.

United States News Digest

Support for LaRouche's 'Firewall' Act Continues To Grow

Feb. 9 (EIRNS)—Support for Lyndon LaRouche's Homeowners and Bank Protection Act (HBPA) is continuing to grow, as the financial system continues to disintegrate. On Feb. 5, resolutions calling on Congress to pass the HBPA were introduced into the legislatures of Georgia, Vermont, and Oklahoma. In Georgia, the resolution has six co-sponsors. On Feb. 6, the city council of Warrensville, Ohio, southeast of Cleveland, unanimously passed a resolution endorsing the HBPA.

In New York, State Assemblyman Peter Rivera of the Bronx introduced a similar resolution with 42 co-sponsors, including some Republicans. The New York resolution specifically refers to President Franklin Roosevelt's April 13, 1933 Declaration of National Policy, which stated "that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability, and that to protect homeowners from inequitable enforced liquidation in a time of general distress is a proper concern of the Government," as a precedent for Congress to protect homeowners and the chartered banking system from the rapidly deflating housing bubble.

Cheney Backs War Crimes

Feb. 8 (EIRNS)—On Feb. 5, CIA Director Michael Hayden admitted for the first time, on the record, that the United States had committed war crimes, by torturing ("waterboarding") three prisoners in U.S. custody. The following day, White House spokesman Tony Fratto asserted that waterboarding is legal, and that President Bush could authorize the CIA to use it again under specific circumstances. On Feb. 14, in his speech to the Conservative Political Action Committee (CPAC) in Washington, and again today at a GOP fundraiser in Harrisburg, Pa., Vice President Dick Cheney gloated over the waterboarding of prisoners.

"Just as we monitored the communications of enemies at large, we've also gotten information out of the ones that we have captured," Cheney boasted. "The military has interrogated terrorists held at Guantanamo Bay, and, in addition, a small number of terrorists, high-value targets, held overseas have gone through an interrogation program run by the CIA. It's a tougher program for tougher customers. These include Khalid Sheikh Mohammed, the mastermind of 9/11."

"It's a good thing we had them in custody, and it's a good thing we found out what they knew," Cheney said. Also yesterday, Attorney General Michael Mukasey was asked by House Judiciary Committee chairman Rep. John Conyers (D-Mich.) if he would open a criminal investigation into the now-confirmed use of waterboarding. Mukasey said he will not, for the reason that whatever was done, was found to be permissible under a Justice Department memo at the time.

As if war crimes can be made legal by a Justice Department memo! The United States and its allies did not allow such a defense for Nazi war criminals at Nuremberg: The Nazi lawyers were prosecuted alongside those who carried out the Nazis' war crimes.

No End to Media Slanders of the Clintons

Feb. 8 (EIRNS)—MSNBC, a subsidiary of NBC-TV, was forced today to suspend news correspondent David Shuster, for offensive remarks about Hillary Clinton and Chelsea Clinton he made during an evening news broadcast Feb. 7. In commenting on the calls that Chelsea has been making to super-delegates on her mother's behalf, Shuster blurted out, "Doesn't it seem like Chelsea is sort of being pimped out in some weird sort of way?" Soon after the broadcast, the Clinton campaign organized a conference call with reporters and activists, to blast MSNBC and Shuster for the vicious attack. On the following morning, Shuster appeared on MSNBC news shows to apologize; soon after, the station announced that he had been suspended from any further appearances. NBC has been negotiating with the Clinton and Obama campaigns to host a televised Presidential candidates debate in late February, and after the Shuster smear-job, the Clinton campaign is rethinking whether to go ahead with the debate on the network. Howard Wolfson, a Clinton campaign official, told

reporters that there has been a pattern of such slanderous coverage on NBC.

Schwarzenegger's Privatized Toll Road Defeated

Feb. 7 (EIRNS)—The California Coastal Commission dealt a blow to Gov. Arnold Schwarzenegger's push for toll roads, with an 8-2 vote, following a public hearing attended by more than 3,000 people. The vote rejected a plan for a toll road which would extend State Route 241 in Orange and San Diego counties, a plan backed by the Transportation Corridor Agency. Schwarzenegger wrote a letter, dated Jan. 15, to the chairman of the Coastal Commission, urging endorsement of the toll road. The major argument of Schwarzenegger and the toll road advocates is that it is needed to relieve highway congestion, at a time when the funds do not exist to build new highways. In his letter, the Governor presented the argument of his controllers, George Shultz and Felix Rohatyn, who are promoters of a fascist scheme which they present as an approach to "infrastructure." Schwarzenegger wrote that the project should be adopted, as it "does not rely on scarce state and Federal transportation funds. It is a public private partnership (PPP) project that will rely on private capital for funding. This could not be more important as state leaders struggle with closing a budget deficit while protecting funding for vital services such as education and health care."

This argument is based on a lie: The Governor's fiscal 2009 budget *does not* protect vital services, as he has proposed major cuts in health care and education, along with all other social programs designed to aid the poor and vulnerable in the state. Lyndon LaRouche has characterized the Shultz-Rohatyn PPPs as a corporatist policy, modeled explicitly on the "infrastructure" programs of Italian Fascist dictator Benito Mussolini. Schwarzenegger's partner in pushing this approach is New York City Mayor Michael Bloomberg, who has been designated by Shultz and Rohatyn to be the next President of the U.S.A. Schwarzenegger and Bloomberg endorsed the Mussolini PPP model at a much-hyped press conference in Los Angeles on Jan. 19.

This is the third major defeat inflicted on Schwarzenegger in the last week. His so-called health insurance plan, which would have been a boondoggle for his big supporters in the insurance industry, was defeated in the state senate. Voters on Feb. 5 rejected Proposition 93, the flawed plan to change term limits, which Arnie supported. And last night, one of his model PPP programs, the Foothills South toll road, was scrapped by the Coastal Commission. Perhaps Californians are deciding it is not so "cool" to have a fascist governor, after all.

Government Lawyers: Veterans' Medical Care Is Discretionary

Feb. 5 (EIRNS)—Lawyers for the Department of Veterans Affairs are arguing that the department's health-care mandate extends only "to the extent and in the amount provided in advance in appropriations acts for these purposes," and therefore "creates no such expectation that veterans are entitled to care." In other words, the medical care provided by the department for veterans, including war wounded veterans, is entirely at the discretion of the Secretary of Veterans Affairs, not dependent on the needs of veterans. These lawyers argue that the law only provides for "eligibility" for medical care and does not make it an entitlement.

The argument was filed in U.S. District Court in San Francisco on Jan. 30, in response to a lawsuit filed, last July, by Veterans for Common Sense and Veterans United For Truth. The suit charges that the veterans have little recourse when their medical claims are rejected. Gordon Espramer, the lead attorney for two veterans' groups, told the *San Francisco Chronicle* that "Veterans need to know in this country that the government thinks all their benefits are mere gratuities. They're saying it's completely discretionary, that even if Congress appropriates money for veterans' health care, 'we can do anything we want to with it.'"

League of California Cities Caught in Hoax vs. HBPA

LOS ANGELES, Feb. 3 (EIRNS)—The League of California Cities has been caught in a fraudulent effort to counter support for Lyndon LaRouche's Homeowners and Bank Protection Act (HBPA) among city governments in California. The Carson City Council scheduled a hearing this week on the HBPA. A posting on its website identifies Ann Marie Wallace, former regional manager of the League, as advocating that the council hold off passing the resolution in the grounds that the League believes that HBPA "leans toward Proposition 98," which the League opposes.

This is a transparent fraud, as Prop 98, which is on the June ballot, addresses the issue of eminent domain. Sponsored by the Howard Jarvis Taxpayers Association, a notorious anti-tax organization, this resolution is completely unrelated to the issues raised by the HBPA, which calls for a moratorium on foreclosures, and the establishment of a firewall to protect Federal and state chartered banks from the collapse of the speculative markets.

City councilmen and other local elected officials should investigate why the League would make such a transparently fraudulent claim, which serves to protect speculators and financial predators, at the expense of homeowners and communities. California cities are among those most devastated by the collapse of the housing bubble.

Ibero-American News Digest

Drive for Mussolini Corporativism Escalates in Mexico

Feb. 9 (EIRNS)—The world's richest man (on some days), Mexican fat-cat Carlos Slim, is taking the point on the globalist financier oligarchy's drive to impose Mussolini corporativism upon Mexico, so that NAFTA's Mexico can be destroyed together with the wished-for fascist Bloomberg government in the United States. Slim used the Jan. 27-30 National Civil Engineering Congress in Mexico City as the forum to propose that a centralized "PPP" (public-private partnership) be set up, to run the Mexican economy. Slim argued that an autonomous "national infrastructure commission" be established, with a multi-year budget, pooling private and public resources, to design, build, and operate infrastructure projects for Mexico. By "autonomous," he means that the financiers run the show, not the government.

Slim, with his \$60 billion fortune made by the same policies that drove 100 million Mexicans into poverty and hunger, competes with Bill Gates and Warren Buffett for world's richest man on any given day (as stocks fluctuate). A man obsessed since youth by numbers (algebra and linear programming), he argues "the only way to judge if [economic policy] is wrong or right is to look at the prices," according to the *Chicago Tribune* Feb. 3.

FARC Bestiality Seen in Forced Recruitment of Children

Feb. 5 (EIR)—Reports prepared by the International Organization on Migration and by UNICEF document how Colombia's narco-terrorist Revolutionary Armed Forces of Colombia (FARC) kidnaps thousands of children, mostly from very poor communities, and presses them into service as sex slaves or "soldiers," who serve as cannon fodder on the front lines in combat situations.

Girls as young as nine are kidnapped to be used as prostitutes by the FARC's leadership. Those who contract diseases, such as HIV-AIDS, are "eliminated." International consultant Natalia Springer, who led an investigation, reported that girls were often tied to trees so they could be easily raped. Reports on these heinous abuses coming out of Colombia's Family Welfare Institute (IBF) are based on eyewitness reports of young girls who managed to escape the FARC, after multiple attempts, and are now in government-run protective programs.

In a Feb. 1 press conference in Bogota, Attorney General Edgardo Maya reported that guerrilla and paramilitary armies continue to kidnap and "recruit" youngsters in 250 municipalities in Colombia's 18 states. According to the study done by

the International Organization on Migration, at least 20% of the ground troops of Colombia's irregular forces—mostly the FARC—are children. UNICEF and IBF estimate this figure to be between 10,000 and 13,000 children. At least 35% of the guerrillas' current adult members were "recruited" when they were young children.

Bloomberg Advisor Leads Vulture Fund Operation vs. Argentina

Feb. 6 (EIR)—New York Mayor Michael Bloomberg's top foreign policy advisor, Nancy Soderberg, heads the hit squad set up by the speculative vulture funds against Argentina. A longtime asset of the Kennedy family, Soderberg does as she is told to do—you don't have to look any further for her motives.

Together with Robert Shapiro, a former Clinton-era Commerce Department assistant secretary, Soderberg runs the American Task Force Argentina (ATFA), which demands that the Fernández de Kirchner government pay the financial predators the total nominal value of the defaulted bonds they hold—they refused to participate in the government's 2005 debt restructuring which paid bondholders about 30 cents on the dollar—or be cut off from world finance.

The former UN ambassador is explicit as to what her backers want: that Argentina shift away from Venezuela, halt support for the "radical" Bank of the South, and abandon its "irresponsible" anti-IMF policies.

During a Jan. 31 conference in Miami, Fla., sponsored by the Wall Street-linked *LatinFinance* magazine, Soderberg warned Argentina to "clean up its financial situation" and *change its foreign policy*. It must embrace those countries "where its future lies: the U.S., Europe and the countries which are responsible within Latin America." In several published articles, Soderberg has identified those "responsible" Ibero-American nations as "pragmatic" Brazil, Chile, and Mexico.

In a Sept. 9, 2007 article in London's *Financial Times*, Soderberg warned Cristina Fernandez, then a Presidential candidate, that should she become President, she should "drop [Argentina's] support for the Bank of the South," and "clean up its investment climate so it can re-enter international capital markets." What's at stake, she argues, "is the integrity of the international credit markets," and by putting people and reality first, "Argentina isn't playing fair!" the *Los Angeles Times* reported Sept. 6, 2007.

Western European News Digest

France: Rocket Docket Clears Way for Lisbon Treaty

Feb. 5 (EIRNS)—Assembled yesterday in Versailles, and in a rocket docket procedure, both houses of the French legislature voted up a reform of the French Constitution to permit the French Parliament to ratify the European Union's Lisbon Treaty; 560 votes were cast in favor, 181 against, with 152 abstentions.

The reform of the Constitution requires 60% of the votes cast, indicating that if the opposition had mobilized to do so, the reform could easily have been defeated. "The Treaty of Lisbon gives body again to a French dream of an acting and efficient Europe," commented French Prime Minister François Fillon.

The Treaty of Lisbon is nothing but a repeat of the "European Constitution" which was rejected by referenda in Denmark and France in 2005. Like the "European Constitution," it will remove the little that is left of the sovereignty of European governments under the EU.

The new rules of the EU democratic empire: 1) A President of Europe will be elected by the 27 heads of state of the EU;

the most likely candidates are Tony Blair or Jean-Claude Juncker; 2) All decisions will be made by a qualified majority instead of unanimity; 3) The EU will have a single foreign affairs representative; 4) The European Parliament will get more power and elect the president of the European Commission; 5) One million citizens of the EU (from several member states) can ask the Commission to elaborate a rule or directive.

Blair Runs for 'President of Europe'

Feb. 2 (EIRNS)—Tony Blair, a key author of the Iraq War, will mount a campaign to be appointed President of the European Union Council, "President of Europe," if the job comes with "real powers" over defense and foreign affairs, Britain's *Guardian* reports. The presidency is a new position created by the Lisbon Treaty, but the treaty has not yet been approved.

Blair has recruited his old chief of staff, Jonathan Powell, in his bid. While French President Nicolas Sarkozy has voiced support for Blair's bid, no one else has. German Chancellor Angela Merkel is cool on the idea, as is former French President Valéry Giscard d'Estaing, the reputed author of the Lisbon Treaty. The smaller countries are said to be cool to the idea as well.

French Socialist Party Deputy Favors Two-Tier Credit System

PARIS, Feb. 6 (EIRNS)—Arnaud Montebourg, a Socialist deputy and national party leader, on Jan. 30, issued the following statement to AFP, on the Société Générale case, reflecting the influence in France of Lyndon LaRouche's associate Jacques Cheminade of the Solidarity and Progress party:

"It is not by looking for a scapegoat that we will deal with the disorders of our financial system. Our concern is to reform the financial system by putting it into service for the real economy, so that it is not trailing behind the speculative economy. The masses of money invested in speculation must be re-oriented towards the industrial and productive economy. We must, at a European level, reverse the tendency of over-taxation of capital invested in the productive economy and undertaxation of the money invested in speculation. Let us look for the means to avoid further catastrophes which hurt hundreds of thousands of working people."

U.S. SEC To Probe Société Générale Insider Deals

PARIS, Feb. 6 (EIRNS)—The U.S. Securities Exchange Commission (SEC) has opened an investigation on the possible "insider trading" operated by shadowy American billionaire and Arnold Schwarzenegger advisor Robert A. Day, according to the *Wall Street Journal*. Day, as a director of Société Générale, sold over 1.5 million of his shares just days before the "rogue trader" fraud sparked heavy losses. The Kings County (Brooklyn) attorney general has opened a criminal investigation on a case tied to Société Générale, whose content is so far unspecified.

Germany Refuses To Put Combat Troops into Afghanistan

Feb. 7 (EIRNS)—Despite a full-court press exerted by the United States, Germany refused to put its troops in harm's way in Afghanistan, saying that they would remain in non-combat areas of northern Afghanistan. Defense Minister Franz Josef Jung told reporters on Feb. 6 that Germany would send only 250 troops to northern Afghanistan as part of a NATO Quick Reaction Force, to replace a Norwegian unit of similar size.

While falling short of Helga Zepp-LaRouche's Feb. 4 call for a German military pullout, the decision is a rebuff to the demands from the Western and NATO officials who refuse to accept that NATO has already lost in that country.

Sarkozy's Party Expected To Take Heavy Losses Next Election

PARIS, Feb. 6 (EIRNS)—Today's *Le Canard Enchaîné* confirms *EIR*'s previous analysis that the March 9 national district and municipal elections in France will be a severe defeat for President Nicolas Sarkozy and his UMP party. *Le Canard* reports that the UMP is close to revolt against the President, blaming him for its likely defeat.

Three elements have brought down Sarkozy's overwhelming popularity after just 11 months in the Presidency. First and foremost, he had promised to be the "President who would increase purchasing power," but, since then, the French have seen prices and taxes increase, while Sarkozy has declared that "the state coffers are empty"; 2) the overexposure of his private life, which has caused the elderly to turn against him, who had elected him based on a law-and-order platform; 3) the report just published by Jacques Attali's Commission on How To Free the Economy, which Sarkozy named and which proposes massive deregulation of protected sectors of the economy—commerce, taxis, notaries, pharmacies—as a means to obtain reductions of prices, has created havoc in that electorate against the UMP.

The Socialist Party, itself in shambles, and with no alternative program, is expected to be the beneficiary of this defeat.

Smaller Study of Kattegat Bridge Approved in Denmark

COPENHAGEN, Feb. 6 (EIRNS)—Transportation Minister Carina Christensen has approved spending only 2 million Danish krone (\$400,000) for a "screening," as opposed to a real study, on the feasibility of building a bridge across the Kattegat Sea, that would connect the island of Zealand, where Copenhagen is located, and the Jutland Peninsula near Aarhus, Denmark's second largest city. The chairman of the East Jutland region, Bent Hansen, said that if no more money were allocated by the central government, he would try to get the regional government to put in money to help make it a more comprehensive study. The Schiller Institute, during its April 2007 testimony, was the first to urge the Danish Parliament to order a study of building a maglev link across a Kattegat, as a part of its national maglev plan.

The announcement of the study came on the same day that "TV2 East Jutland" held a hearing about a Kattegat Bridge, in which members of the Schiller Institute's Aarhus chapter intervened.

Prince Andrew Tells U.S. How To Be Imperialist

Feb. 5 (EIRNS)—Prince Andrew, in a Buckingham Palace interview with the *International Herald Tribune*, was highly critical of the Bush Administration for not listening to British advice on how to be an effective imperialist. He gave the interview ahead of his departure today for a ten-day U.S. trip to promote British business. He will visit Florida, California, Georgia, and New York.

There are "occasions when people in the U.K. would wish that those in responsible positions in the U.S. might listen and learn from our experiences," he told the *Tribune*. He went on to say that because of its imperial history, Britain has experienced much of what the United States is going through. "If you are looking at colonialism, if you are looking at operations on an international scale, if you are looking at understanding each other's culture, understanding how to operate in a military insurgency campaign—we have been through them all," he said. "We've won some, lost some, drawn some. The fact is, there is quite a lot of experience over here which is valid and should be listened to."

Russia and the CIS News Digest

Putin Addresses State Council on Development Strategy

Feb. 8 (EIRNS)—Russian President Vladimir Putin today addressed an expanded session of the Russian State Council, which convened to discuss "Russia's Development Strategy Till the Year 2020." Just over three weeks before the March 2 Russian Presidential election, he spoke to that topic in terms of his and his team's commitment—as the Kremlin video cameras repeatedly cut to Presidential candidate Dmitri Medvedev—to high-technology growth and to enabling the Russian population to have a standard of living that is adequate for an "innovation economy."

Though Putin only alluded to the global financial and economic crisis, in terms of ensuring Russian "macroeconomic stability under conditions of instability in world markets," he talked about Russia's leaders needing to persevere under conditions of an existential threat. Summing up his eight years in power, Putin described the conditions when he took power in 1999-2000 as disastrous, with "civil war" in the Caucasus, financial default, soaring mortality, and externally instigated threats to Russia's unity as a state. He said that he and his team had "shaped and implemented our plan—a plan to bring Russia through a systemic crisis." Putin called Russia a "self-sufficient" country, which is interested in there being calm international conditions in which it may develop, but which will not bow to attempts to "force upon us unfair competition and gain access to our resources in that way."

The speech came nearly one year after Putin's Feb. 10, 2007 speech at the Munich Security Conference startled the world, with his insistence that Russia remains a great power and will not be pushed around. Putin echoed that Munich speech when he turned to foreign policy, but he did not repeat the offers he had made a year ago (or laid the groundwork for, in the case of his later, dramatic Kennebunkport offer to the United States for shared work on missile defense). Rather, he cited NATO postures regarding Conventional Forces in Europe and U.S./NATO behavior on ballistic-missile defense, as being not in good faith. "They try to convince us," said Putin, "that none of this is directed against Russia. But there has been no constructive response to our well-founded concerns. There are plenty of talks on these topics. But our partners unfortunately use all of this—and I am forced to take stock of this, with a heavy heart—as no more than a diplomatic and propaganda screen for carrying out their own plans. And we are effectively forced to react, to take the relevant decisions. Russia has, and will always have, an answer to these new challenges." Putin went on to talk about the contours of a new arms race, under these conditions.

Medvedev Wants Firms To Acquire Tangible Assets Abroad

Feb. 6 (EIRNS)—First Deputy Prime Minister Dmitri Medvedev, the leading candidate for the Russian Presidency, wants Russian state-owned and private companies to push ahead with the acquisition of resource and manufacturing companies abroad, he told a Jan. 31 conference of the Russian Union of Industrialists and Entrepreneurs in Krasnodar. "The majority of powerful countries are engaged in this," Medvedev said, "Many of them are very active, like China. And we should be active, too. This will allow us to re-tool Russian enterprises with technology, boost their production culture, and grant them the opportunity to diversify investments and win new markets."

The *Financial Times* of London, on Feb. 1 and 2, ran two articles on Medvedev's speech, reflecting anxiety in crisis-gripped financier circles over the acquisition of real assets by China, Russia, and other nations that have so-called "sovereign wealth funds," accumulated through amassing currency reserves, including from oil and gas export revenues. The current issue of *Foreign Affairs*, journal of the New York Council on Foreign Relations, includes a call by U.S. Deputy Treasury Secretary Robert Kimmit for regulation of these government-owned funds' activity.

The *Financial Times* noted some of Russia's acquisitions to date, including state-owned Gazprom's takeover of all or part of the national pipeline networks in Serbia and Belarus, but also the acquisition by Russian privately owned metals producers of mining, auto, and construction companies in the U.S.A., Canada, Germany, and Austria. "Russia is considering a plan to invest part of its \$157 billion oil windfall fund in foreign companies," worried the paper. Such Russian acquisitions abroad more than doubled, year-on-year, in 2007, to the level of \$18.7 billion.

The \$157 billion figure refers to Russia's so-called Stabilization Fund, comprised of oil export tax revenues withheld from circulation inside Russia. As of Feb. 1, it was divided into a similar \$125 billion Reserve Fund, and a National Welfare Fund of \$32 billion. There is an intense battle going on in Russian government and related circles, over how to handle those latter monies. Former Economics Minister German Gref, who now heads the state savings bank Sberbank, wants the government to purchase stock in Russia's own banks, because of the current liquidity crisis they have caught from the global one. Finance Minister Alexei Kudrin last week advocated more Russian investment in Western stock markets, while today, in a Japanese press interview on the eve of traveling to Tokyo to attend the G-7 finance ministers' meeting on Feb. 8, he suggested Russia should accumulate Japanese yen (as against only dollars, euros, and British pounds, at present). Now Medvedev has weighed in, with his call for acquiring foreign bricks and mortar, and resources and machinery, through corporate takeovers.

Equally intense is Russian turmoil over what to do about inflation. Russian TV and other media played up public clips from a Jan. 31 cabinet meeting, during which Prime Minister Victor Zubkov took to task the finance ministry, economics ministry, and central bank (all institutions at which liberal free-market economists have remained in charge) for allowing inflation to careen upwards. Zubkov demanded that "capital inflows," such as the foreign borrowing through which Russian firms have run up nearly half a trillion dollars in foreign debt, should be monitored in such a way as to "encourage investment capital," as against "speculative capital." This remark, too, grabbed the attention of British media, with Reuters quoting unnamed "economists" who lied that "it is impossible to make a difference between speculative and non-speculative capital"!

Russian 'Safe Haven' Notion Collides with Reality

Feb. 8 (EIRNS)—Despite a Russian Central Bank official's warning last week that Russian banks face a potentially lethal liquidity shortage, the same Central Bank on Feb. 4 implemented a hike in its benchmark refinancing rate for the first time in a decade, from 10% to 10.25%. Announcement of the move came late Feb. 1, just hours after the daily *Kommersant* had leaked Central Bank deputy chairman Alexei Ulyukayev's warning that the bank liquidity crisis was a higher priority to address than the currently rampant inflation. Ulyukayev, Finance Minister Alexei Kudrin, and other officials who made their careers integrating Russia into the global financial system, are now damned if they do, damned if they don't—just like their role-models at the U.S. Fed and other institutions of the Anglo-Dutch model central banking system.

Also citing the liquidity crisis was former economics minister and current head of the State Savings Bank (Sberbank) German Gref, who told the Troika Dialogue Russian Forum that Russia's new sovereign wealth funds might have to be used to bail out second-tier Russian banks that are facing a "threat"—\$80 billion in short-term foreign loans that they have coming due this year. While Russia paid down its state debt to \$37 billion, using oil revenues, corporate foreign borrowing has skyrocketed. In coverage of the Troika Dialogue event, Ambrose Evans-Pritchard of the London *Daily Telegraph* quoted Anton Kozhinov, head of finances for the state oil company Rosneft, on the continuing paralysis of Russian debt markets. "We haven't seen a single Russian company rolling over its Eurobonds, even those with high credit ratings," Kozhinov said.

On Feb. 7, fifteen members of the Russian Bank Association Board called on Prime Minister Victor Zubkov, demanding assurances of government support if the liquidity crisis continues. With them at the meeting were Central Bank Chairman Sergei Ignatyev, Alexei Kudrin, Gref, and Kremlin advisor Arkadi Dvorkovich, among others. *Kommersant* daily, which expresses the views of Moscow business circles, reported that Zubkov did not want to recognize the potential for further crisis, telling the group that the banking system "has proven stability and independence from the external environment" and focussing on "ensuring stability in the long term."

Gref stated afterwards that Russian banks will be forced to raise rates and cut lending in the second quarter of this year, which will hit investment rates and overall economic growth, RBC.ru reported. He repeated his call for the new National

Welfare Fund to put money into Russian banks by purchasing their stock. Gref linked the growing costs of financing to the global credit crunch.

Southwest Asia News Digest

Powell Calls for Negotiations with Syria and Iran

Feb. 10 (EIRNS)—Former Secretary of State Colin Powell (ret.) told CNN's Wolf Blitzer today that the United States "should be talking to the leaders of states that we have significant disagreements with." When Blitzer baited him by asking, "Including state sponsors of terrorism?" Powell responded: "I was talking to Syria during the time that I was Secretary of State. I visited Damascus on a fairly regular basis. They were always tough conversations. Sometimes I came away with no progress. Sometimes I got things done. Sometimes I did things that helped Israel. But you have to talk to folks that you may not necessarily like, and you can't put down impossible preconditions for conversation. You can't say, give me what I want before I will talk to you. That doesn't work. It won't work with Syria. It won't work with Iran."

"So yes, I would be talking—we have an embassy that's open in Damascus, Syria. So I'd send the ambassador back and begin a dialogue. I would talk to Iran.... We're talking to them in Baghdad every few months about security matters, and if we can do that in Baghdad with our ambassador ... I don't see why we can't speak to them in other fora ... about the full range of issues that have kept us in this situation with each other since 1979. It's time to move on."

Powell said the surge in Iraq had failed on the political end, "which was the whole reason for the surge in the first place." And, he backed up the military chiefs on the inability to sustain the high U.S. troop levels in Iraq: "My own judgment ... is that it can't be kept up indefinitely at the size of 140,000...." Neither the Army nor the National Guard has increased in size since the war on Iraq and Afghanistan started, Powell said, so soldiers, "when they're in their third deployment and, maybe, looking toward a fourth deployment" have to "make choices"—like leaving the military. He referenced Army Chief Gen. George Casey, and Adm. Michael Mullen, chairman of the Joint Chiefs of Staff, referring to these "stresses" on the Army.

Powell said he is offering his advice to all the Presidential candidates, but has not yet decided who he will support, "Republican or Democrat or independent."

Ahmadinejad Receives Invitation to Egypt

Feb. 5 (EIRNS)—Iranian President Mahmoud Ahmadinejad intends to visit Egypt some time over the next month, accepting an invitation from Cairo extended over the Feb. 2-3 weekend, which was the first such invitation since the 1979 Islamic Revolution, when Cairo cut its ties with Tehran. The invitation was extended through the Iranian Speaker of Parliament, Gholam Ali Haddad-Adel, who held talks in Cairo over the weekend with Egyptian President Hosni Mubarak.

The Iranian student news agency ISNA reported on Feb. 4 that Ahmadinejad plans to visit all Arab states, including Egypt.

According to the Israeli daily *Ha'a retz*, as he was leaving Egypt, Haddad-Adel made clear Iran's desire to improve relations with Cairo: "Our meetings with senior officials in Egypt were held in a friendly atmosphere. We are ready for additional cooperation between the two countries."

Iran's nuclear negotiator, Ali Larijani, also made a recent visit to Cairo, on behalf of Iranian spiritual leader Ayatollah Ali Khomeini. Larijani met with high-level Egyptian personalities, as well as diplomats and representatives from professional unions.

Right-Wingers Put Up \$1 Million To Oust Olmert

Feb. 8 (EIRNS)—Israel's Channel 2 reports that unidentified U.S. and Israeli businessman and political figures are ready to put up \$1 million for information that could lead to a criminal investigation of Prime Minister Ehud Olmert. The report featured a recording of a conversation between an unnamed businessman and a private investigator who was hired by the group to gather incriminating information on Olmert.

The investigator asked the businessman, "A number of senior personages on a global level are behind this initiative. The situation today is that Olmert is bad for the Jews. You know no less than me that he's very bad for the Jews. And there is a group of people who have taken upon themselves [to oust him from power], very wealthy people—on a global level."

When the businessman asked who these people were, the investigator answered: "Good Jews, and I have been sent to take care of the matter and try to remove this person [Olmert] from where he is. There is a large jackpot involved. I wanted to interest you in both the jackpot and the ideology. I am trying to find material in all different places; that Olmert received bribes, that he deceived." He said that if they find incriminating evidence that leads to a prosecution, they could earn a million dollars.

If elections were held now, the big winner would be Likud Party chairman and George Shultz ally Benjamin Netanyahu. The Shas Party, which is a member of Olmert's ruling coalition, is preparing for early elections, according to today's *Ha'aretz*. Shas chairman Eli Yishai is quoted as saying, "I don't know how long this government will keep going; I assume there will be elections soon, perhaps even before the local authorities elections scheduled for November." Shas has been threatening to leave the coalition if Olmert divides Jerusalem, in an agreement with the Palestinians. Polls show that if elections were held today, Netanyahu's Likud Party could get six seats more than the combined number that the ruling Kadima Party and Labor Party could win, thus making Netanyahu a shoo-in as prime minister.

Suicide Bombers in Dimona, Israel

Feb. 4 (EIRNS)—A suicide bomber blew himself up in the city of Dimona, Israel, today, 10 km from Israel's nuclear reactor, which is just outside the city. One person was killed and 11 were wounded; another bomber was shot before he could explode his charge. *Ha'aretz*, citing unnamed Fatah sources, said the bombing was carried out by the Army of Palestine, a wing of the al-Aqsa Martyrs Brigades and the Popular Front for the Liberation of Palestine. This is the first suicide bombing in Israel since January 2007. In apparent retaliation, the Israel military killed a member of the Popular Resistance Committees in the Gaza Strip.

It is reported that the bombers entered Israel through Sinai, after being able to enter Egypt from the Gaza Strip through the uncontrolled border.

Meanwhile, Egypt is calling for the European Union, Palestinian National Authority, and Hamas to control the Gaza-Egypt border crossing. In a bid to end the border crisis, Egyptian President Hosni Mubarak met with EU foreign policy chief Javier Solana, telling him that he wants the border reopened under the previous arrangements, in which the EU monitors worked with the Palestinian Authority to man the crossing. Mubarak called for Hamas and the Palestinian Authority to come to an agreement to cooperate on running the border crossing. The EU monitors left the crossing when Hamas took full control of Gaza.

Asia News Digest

Britain Covers Up Bhutto Assassination

Feb. 9 (EIRNS)—After helping to remove Pakistan People's Party (PPP) leader and former two-time prime minister, Benazir Bhutto, from Pakistan's political scene, the British, called in by President Pervez Musharraf, sent in Scotland Yard investigators to cover up the trail of murder. On Feb. 8, Scotland Yard investigators came to the conclusion that a bomb blast, and not gunfire, killed Bhutto. The PPP disagreed, and continues to insist that she was killed by an assassin's bullet.

The PPP's claim is corroborated by many witnesses who saw her body bathed before it was put inside the coffin—a Muslim tradition. Those who were there claim that there was a clean hole that pierced her throat. The hole is so clean that some estimate that a laser beam could have been used to kill her.

Also, a number of individuals who were following her van by foot were hit by bullets and some died. Some of these victims were as far as 20 yards behind the van. In other words, hundreds of bullets were sprayed around the area in addition to the blast, which also took some lives.

But, the British do not want any further investigation. That Bhutto was killed by a suicide bomber, who came from somewhere in Pakistan's tribal areas, is what they want officials to accept, and close the case.

Impoverished North Korea Receives Food Aid from India

Feb. 7 (EIRNS)—On Feb. 5, North Korea received the first consignment of food aid from India aimed at easing the severe shortage in the country, the official Korean Central News Agency (KCNA) reported. The quantity of aid was not specified in the report. Indian Ambassador to Pyongyang Zile Singh and North Korean officials were present in a ceremony at Nampho Port.

Once a food-short nation, India, with about 1.2 billion people, now has a slight food surplus, although with adequate investment in infrastructure and the agro-industrial sector, India could become world's granary. However, infrastructure in the vast agricultural land areas remains dilapidated.

On the other hand, North Korea has relied on foreign handouts to feed its 23 million people for more than a decade, after natural disasters and incompetent management devastated its economy in the mid-1990s. Famine is believed to have killed 2 million people over the years.

The World Food Program has recently predicted that North Korea will fall some 1.4 million tons short of its food needs this year, because of last year's flooding, caused by the heaviest rainfall in 40 years. The floods, which left some 600 people dead or missing, also destroyed more than 11% of the country's crops, according to North Korea's state media.

Shame on You, New Delhi, Tehran Says

Feb. 6 (EIRNS)—Iran said on Feb. 5 that it had lodged an official complaint with New Delhi over India's commercial launch of an Israeli spy satellite, blasted into orbit from southern India on Jan. 21. Israeli press claimed that the satellite can "see through" clouds, carry out day and night all-weather imaging, and will be used to spy on Iran's suspect nuclear program. Indian analysts predicted that the satellite launch could have major implications for relations between Israel and India.

Following the launch, the Israeli daily *Ha'aretz* reported: "The launch of an Israeli satellite atop an Indian missile from a launch site in India bears a number of additional advantages. First, it enables Israel to establish a new point of view in

space, allowing it photographic angles and reception of Iranian communications, which were unavailable in prior satellite launches."

"The Indian government says the issue is a technical and commercial one," Iran's ambassador to New Delhi, Sayed Mahdi Nabizadeh, told reporters, "but we hope that the matter can be considered from the point of view of protocol. We hope that an independent and wise country like India will not give their space technology to launch any instruments of espionage. Our officials have expressed our point of view."

There is no doubt that Sayed Mahdi Nabizadeh is being kind. The stupidity of India's Manmohan Singh-led government in carrying out the launch is colossal. In addition to the fact that India has long-term historical relations with Iran, and Iran is a nation in the neighborhood of the subcontinent, India's entire trade with Russia and Central Asia is carried out through Iran.

U.S. Economy Is 'Collapsing,' Warns Indian Labor Minister

Feb. 4 (EIRNS)—Oscar Fernandes, India's Union Minister for Labor and Employment, warned yesterday that the U.S. economy is "collapsing," and said India must take steps to ensure that it will be able to maintain economic growth, Press Trust of India reported. Fernandes was speaking in Kochi, a port in the southwestern coastal state of Kerala. "The American economy is collapsing and it is going to be a big issue in their election. It is telling upon the world economy and will also affect India to some extent. We should think of remedial measures to meet the contingency and yet keep to our target growth rate of 9% or above. If we can put in more hard work we can even reach the double digit of 10%," Fernandes said.

Comments from China: Time To 'Rethink' Economic Policy

Feb. 4 (EIRNS)—A commentary in today's *China Daily* called for rethinking economic policy before the March 5 opening of the annual People's Congress, given the economic problems of the United States and the snow disaster in China. A number of eminent policy experts were cited. Wu Jinglian, at the State Council Development Research Center, said that the "economic situation has become complicated with the new factors cropping up," including inflation. Infrastructure must be rebuilt after the snow damage; at the same time, the U.S. "recession" will cut into economic growth by "a large margin."

Tang Min, deputy secretary general of the China Development Research Foundation, warned of "high inflation" from rising costs of imported resources, and rising labor costs.

Wang Jian, a well-known economist, said that despite the government efforts to control "overheated" investment, China's "investment spree cycle will be over soon and we need new ways to keep our growth rate high."

There is also the factor of export-dependency. This was covered in another *China Daily* commentary, with focus on the Pearl River delta region, on the southeast coast of China. In measures to help shift China's economy from its current export-dependency, in July, Beijing cut export tax rebates on 2,831 commodities, 37% of all Chinese exports, including clothing, textiles, iron, and steel. A new labor law in effect from the beginning of 2008, will raise labor costs by increasing wages, benefits, and job security.

This will all hit the region hard, especially with the U.S. "slowdown." Since the 1980s' reforms, this area—Guangdong province—has been generating one-third of China's exports, but export growth has been lagging behind the national average for the past five years, and at the end of 2007, a large number of local enterprises closed down. Some 80% of Chinese exports are paid in U.S. dollars, and the continued rise of the yuan to the dollar has imposed big losses on exporting companies. *Shanghai Security News* quoted one exporter saying: "For every 1% in yuan appreciation, the profit

of clothing industries decreases 4%, but the average profit margin in the industry is only 3.3 to 3.4%." Raising prices will cut orders, so the result is that many enterprises have gone to either the poorer internal provinces of Yunnan and Guizhou, or to India, Vietnam, Bangladesh, Pakistan, and Indonesia, to find lower costs.

The IMF Planned Today's Genocide in Indonesia

Feb. 4 (EIRNS)—In 1997-98, the hedge funds and the International Monetary Fund combined to loot and destroy the Indonesian economy by devaluing its currency by two-thirds, removing President Suharto, and imposing conditions which any honest observer recognized would eventually kill millions of people—as *EIR* documented at the time. Today, a *New York Times* "human interest" story admits, ten years after the crime was committed, that the intended victims are indeed being killed.

Tempeh, a soybean cake which is the staple food and protein source for the poor in Indonesia, and whose production and sale is the source of employment for millions, was produced entirely by locally grown soy beans until the late 1990s, when the IMF "reforms" were imposed, and Indonesia was forced to drop protective tariffs against imported soy. Now, 70% of this staple is imported.

The price of soy, of course, is now hyperinflating, along with most foods and natural resources, as a policy of the Western central banks. The price for imported soy is double what it was a year ago, and rapidly increasing. Government subsidies have been implemented, but cannot keep up with the inflation. With 92,000 small factories producing tempeh, "the industry is important for the economy—it absorbs a huge part of the workforce, and its consumers range from common people to the President," said Fauzi Aziz, the director general for small business at the Industry Ministry.

Africa News Digest

War Looms Between Chad and Sudan

Feb. 6 (EIRNS)—Destabilizations continue to spread throughout Africa, ranging from eastern Democratic Republic of Congo (the largest war in modern African history, with a death toll of 5.4 million, making it the deadliest conflict since World War II), to Kenya, to Somalia, and now to the border region of eastern Chad and the Darfur region of Sudan. French Defense Minister Hervé Morin, in Chad today, pledged French support to the Chad government in its fight against anti-government rebels, who failed in their attempt to overthrow President Idriss Déby Itno, Feb. 1-3, after a convoy of rebels entered Chad from Sudan on Jan. 28, heading toward N'Djamena, the capital. The rebel action began the same week that the EU military peacekeeping mission to eastern Chad was scheduled to begin, forcing its postponement.

U.S. diplomats at the UN are cited today in the French daily *Le Monde*, as being favorable to a French military intervention into the region. The justification given is that Sudan was behind the anti-Chad rebels, because it wanted a friendly government in Chad, which would not allow the EU military force to be installed in Chad, so Sudan would have to a free hand to wipe out anti-Sudan rebels in Darfur, which borders on Chad.

Déby blames Sudan and Libya for the rebel action, which came from Darfur, and has threatened to pursue the rebels into Sudan, while Sudan has said it will repel any attacks by Chad. The just-defeated anti-Déby rebels, who are closely allied to anti-Sudan rebels in Darfur, vow to go on the offensive again.

If France and the United States are so worried about the survival on the Déby government, why didn't they warn Déby, with information they had from satellite and aerial reconnaissance, of the invading column of pickup trucks armed with machine-gun-toting rebels, which took four days to drive across Chad, from Sudan, before the column began attacking

government installations in N'Djamena? Was it to legitimize Chad's claim that Sudan wanted to destabilize Chad, so the strategic hornets' nest in eastern Chad and western Sudan could be stirred up?

The destabilizations designed by London to go off around the globe as the financial system collapses, are now set to expand to a conflict between Chad and Sudan, disguised as a regional conflict between two countries, supported by the United States and France, in the case of Chad, and by China in the case of Sudan, with the initiating role of London not being mentioned in the Western media.

Chaos Spreads to Another Region of Africa

Feb. 11 (EIRNS)—Aerial bombardments and armed attacks by the Sudanese army and allied militias on Feb. 8-9, according to the UN High Commissioner for Refugees spokeswoman Helene Caux yesterday, have resulted in 12,000 refugees fleeing into the Biran region of highly volatile eastern Chad. Sudanese army spokesman Othman Mohammed al-Agbash confirmed the attacks against anti-Sudan government rebels, to Sudan's official news agency SUNA, Feb. 9.

The refugee influx, which will raise the total number of Sudanese refugees in eastern Chad to at least 100,000, takes place as defeated anti-Chad rebels, who entered Chad from Sudan Jan. 28, to attack the capital, are now proceeding to the ungoverned and porous three-border area of Sudan, Chad, and the Central African Republic, from where they are expected to return to sanctuaries in western Sudan.

The latest refugee influx into Chad took place as a senior UN official, according to AFP, warned Feb. 9 of a proxy war between Sudan and Chad, via rebel groups on either side of their joint border.

The anti-Chad rebel incursion, which led to the Feb. 2-3 attack on the capital, cut supply lines to the agencies servicing refugees in eastern Chad, resulting in serious supply shortages. The defeated rebels retreated to Mongo, in central Chad, and regrouped with reinforced manpower, before continuing south to the three-border area.

Now that the rebel invasion into Chad has been defeated, the EU is planning to begin sending in its peacekeeping force into eastern Chad. This had been originally scheduled for the same week that the rebels launched their assault. French Brig. Gen. Jean-Philippe Ganascia, who is heading the EU force on the ground in Chad, told BBC today that the fighting in the capital has led to a four-week delay in deployment. The anti-Chad rebels today denounced the EU force, and demanded that European countries pull out of it, because it is not neutral in the Chad dispute. They accuse France of participating in their defeat, and charge that the force is not neutral, since it will be dominated by France.

Talks Begin in Kenya; Numbers of Displaced Persons Climbs

Feb. 11 (EIRNS)—Former UN chief Kofi Annan is meeting with negotiators for Kenyan President Mwai Kibaki and opposition leader Raila Odinga today, in hopes of ending their dispute, and the violence in especially the western part of the country, which erupted after the disputed Dec. 27 elections. Over 1,000 people have been reported killed, and UN emergency relief coordinator John Holmes, of the United Kingdom, reports that 300,000 people were displaced and are now in camps, according to AFP today. He stated that there probably are as many displaced who are not in camps, which would make for a total of 600,000. On Feb. 8, Annan indicated that the two sides had relinquished their hard-line positions, leading to the negotiations beginning today. Police reported no incidents of violence overnight in western Kenya, which is being attributed to the change in political attitudes, national police spokesman Eric Kiraithe said today.

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