
International Intelligence

Germans Point to Failure Of British Finance Policy

The banner headline in the London *Independent* Dec. 12 was, "Germans turn the screw on Brown," which picks up on an attack the day before by German Finance Minister Peer Steinbrueck on British Prime Minister Gordon Brown's stimulus package.

In reaction, Brown tried to dismiss Steinbrueck's attack as that of a Social Democrat playing German internal politics. Brown claimed that the Christian Democratic Chancellor Angela Merkel really agrees with him, because "almost every country around the world is doing what we have been doing."

But, Steffen Kampeter, budget spokesman for the Christian Democrats, blasted Brown: "In questioning the British Government's approach, Peer Steinbrueck is exactly expressing the views of the German Grand Coalition. After years of lecturing us on how we need to share the gains of uncontrolled financial markets, the Labour politicians can't now expect us to share in its losses. The tremendous amount of debt being offered by Britain shows a complete failure of Labour policy."

Financiers Call for World Government sans Democracy

Gideon Rachman, chief foreign policy columnist for the London *Financial Times*, says we need a world government now, but this is possible only without democracy.

Under the headline "And now for a world government," Rachman wrote Dec. 9, "For the first time in my life I think the formation of some sort of world government is plausible. A world government would involve much more than co-operation between nations. It would be an entity with state-like characteristics, backed by a body of laws. The European Union has already set up a continental government for 27 countries, which could be a model."

The financial crisis, the climate crisis, and the terrorism crisis provide the urgency now, he wrote. Inside the Obama Administration there will be in favor of a world government. One of them is UN Ambassador-designate Susan Rice. And John Podesta, head of the transition team, is part of the U.S. advisory group to the Managing Global Insecurity Project, a think-tank pushing for world government, although not by this name. The MGI Project report speaks about "responsible sovereignty," the same as the EU "shared sovereignty" system.

Small problem: world government is unpopular. The EU suffered a setback in referenda recently. "International governance tends to be effective," wrote Rachman, only when it is anti-democratic. He continued, "Until somebody cracks this problem, that plan for world government may have to stay locked away in a safe at the UN."

'Positive Signals' Coming From U.S.A., Says Putin

During his three-hour telethon with the Russian population on Dec. 4, Prime Minister Vladimir Putin said he was seeing "positive signals" from the United States during its leadership transition. Answering a question about what will happen with Russian-U.S. relations after the inauguration of Barack Obama as President, Putin said:

"The question should be directed, first and foremost, to the new U.S. Administration. Usually, when there is a change of power in any country, especially such a superpower as the United States, such changes do take place. We very much hope that the changes will be positive.

"We see these positive signals. What are they? Look at the meeting of NATO foreign ministers: both Ukraine and Georgia have been denied a Membership Action Plan. We already hear at the level of experts, the people who are close to the President-elect and the people around him, his aides, that there should be no hurry, that relations with Russia should not be

jeopardized. We already hear that the practicability of deploying the third position of missile defense in Poland and a radar in the Czech Republic should be considered once again.

"We hear that relations with Russia should be built with respect for our interests. If these are not just words, and if they are translated into practical policies, then of course we will react in kind and our American partners will immediately feel it."

Netanyahu Creating Israeli Fascist Movement

Israeli Likud Party chairman Benjamin Netanyahu is creating a fascist movement in Israel, at a time when election polls indicate that he will most likely become the next Prime Minister after the Feb. 10 Israeli elections. That would be a major boost to the British strategy of blowing up the entire region.

Netanyahu is creating a party that will be even more in the image of the pro-fascist Vladimir Jabotinsky than the Likud ever was. Jabotinsky was part of the Young Turks, who were created by the British in 1908 to take over the Ottoman Empire and implement the Sykes-Picot treaty, by which the British and French and their allies divided up the Middle East. He created Zionist revisionism, while being an open admirer of Italian dictator Benito Mussolini.

The Likud Party primaries held the week of Dec. 8, elected a new candidates list, which gave the right wing of the party its strongest position in a long time. The most infamous candidate is Moshe Feiglin, who is an overt admirer of Hitler. He won the 20th place on the list, which means he will more than likely enter the Knesset. Feiglin, who works closely with the settlers and those linked to the Kach Jewish terrorist party, also mobilizes his faction to support other right-wing candidates. Feiglin is now campaigning for the so-called "nationalist camp," i.e., that settlers and others on the extreme right should vote for Likud to enable it to gain

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an absolute majority in the Knesset.

Another who made it in the top ten was former army chief of staff Moshe Ya'alon, who in his recent book wrote that a Middle East peace agreement is not likely to come about in this century.

Ecuador: Moratorium On Part of Foreign Debt

Ecuadorian President Rafael Correa announced Dec. 12 that his government would default on \$3.8 billion in government bonds held by foreign financial institutions—the country's sovereign debt. This is 39% of the government's total foreign debt, which also includes \$4.3 billion owed to multilateral agencies and \$1.5 billion in bilateral debts to countries that are not affected by the announcement.

"I have issued orders that interest payments not be made, so the country is in 'default' on its foreign debt," Correa announced. "We accept full responsibility for this fact."

On Nov. 20, Correa had warned that he intended to not pay the foreign debt, because it was "illegitimate, corrupt, and illegal," according to findings issued that day by the Commission for the Full Audit of Public Credit (CAIC), which the government had convened in July 2007 to conduct the audit. The CAIC, composed of respected international economists and legal experts, found that the foreign commercial debt had functioned as an illegitimate and illegal looting mechanism between 1976 and 2006, rising from \$16 million in 1976, to \$4.2 billion in 2006, despite a net transfer to the creditors of \$7.1 billion in interest and principal payments over that 30-year period.

EIR has frequently referred to such looting schemes as "bankers' arithmetic": In this case, $0-7.1=4.1$.

The exhaustive CAIC study demonstrates, for example, that U.S. Federal Reserve Chairman Paul Volcker's 1981 skyrocketing of interest rates up to 21%, drove Ecuador to default on debt it had contracted at 6%, and the ensuing refi-

nancing operations capitalized the unpaid interest into an unpayable mountain of new debt. The CAIC study shows that, had interest rates remained at 6%, Ecuador would have entirely paid off its public commercial debt by 1995, and that it has paid an additional \$5.4 billion since then. Instead, Ecuador today stands saddled with \$4.2 billion that it supposedly still owes.

Ecuador's debt moratorium is the first such move since Argentina's December 2001 sovereign default, in which President Nestor Kirchner steadfastly refused to buckle to the vulture funds. In Ecuador's case, the international financial predators have already begun to issue threats, as reflected in a Reuters wire which discussed "possible scenarios that Ecuador could face," including seizure of its assets or freezing of bank accounts abroad; oil companies and other foreign investors cutting back on investments; and all of this could "trigger political instability in a country where the last three presidents were toppled by street and congressional turmoil."

Mugabe Hits British Lies On Cholera in Zimbabwe

Zimbabwe President Robert Mugabe accused Britain of using the cholera epidemic as a pretext for regime change, with the British aiming for recolonization and the theft of Zimbabwe's resources.

Mugabe's Dec. 11 blast at the British stated: "We need doctors, if there is cholera; we do not need soldiers from outside, we have enough of our own. So Mr. Brown your thinking must undergo some medical correction."

"Shall we also say that [because] there is mad cow disease, there must be war, Britain must be invaded? Mr. Brown, your head must go for some medical correction."

Mugabe called British Prime Minister Gordon Brown and U.S. President George W. Bush "crooks . . . guilty of deliberate lies in order to commit acts of aggression."

ALL 23 MEMBERS of the Philippines Senate have signed a resolution rejecting the effort by President Gloria Arroyo and the government-controlled House to scrap the Presidential system in favor of a parliamentary system. The new charter would eliminate the Senate, and therefore also the system of checks and balances against executive tyranny.

CHINA'S MINISTER of Industry and Information Technology, Li Yizhong, reported on the grim economic situation Dec. 12: "Industrial output grew in November by 8.2%, half of what it was in June. There has been negative growth in electricity use by industry. Prices have fallen by 50% across the board. The price of non-ferrous metals by 20-46%. The price of chemical products fell by 40-70%. We have never seen this before."

SWITZERLAND AND Liechtenstein have opened an official investigation against Fana Hlongwane, the official South African agent for BAE Systems, the British aerospace company that set up the massive Saudi slush fund run by Saudi Prince Bandar. This fund, worth hundreds of millions of dollars, has been used to finance British-controlled intelligence and dirty operations.

TAKING AIM AT DOPE pusher George Soros's "harm reduction" fraud, used to justify drug legalization, Argentine anti-drug fighter Isabel Vazquez told the *Brindarse* publication in late November that "the only real harm reduction is the elimination of poverty."

THE UN FOOD and Agriculture Organization (FAO) on Dec. 9 estimated that 40 million more people joined the ranks of the hungry in 2008. This brings the total of malnourished to 963 million—14% of the world's population.