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**LaRouche's April 28 Webcast**  
**The Other Shoe Will Now Drop**

...We are now in the process—we are approaching, as in Germany, in 1923: In the immediate aftermath of the Versailles agreements, Germany went into a plunge, into a depression. And then, in order for Germany to pay its Versailles debts which had been ordered, it went into a hyperinflationary phase, in the Spring of 1923, and by November of 1923, the hyperinflation had blown out the very existence of a German economy. We're now in a somewhat comparable situation today, in the United States, and in the world at large. We are now in what appears to be a deflationary process, where jobs are disappearing—something like 700,000 a month—in the United States. And that rate of job loss is going to accelerate, as the way it goes now. We're headed toward a general *physical collapse of the U.S. economy*, and that's in the short term....

**In-Depth articles from EIR, Vol. 36, No. 18**

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## **This Week's Cover**

- **LaRouche's April 28 Webcast:**  
**The Other Shoe Will Now Drop**

In his webcast from Washington, with a satellite hookup to New York City, **Lyndon LaRouche** exposed the clinical insanity among various political circles, whose policies will rapidly lead to hyperinflation on the scale of 1923 Weimar Germany. In that case, LaRouche stated, 'hyperinflation had blown out the very existence of a German economy.' If the U.S. policy is not changed, from everything it has done since President Obama's trip to London, LaRouche said, the entire world economy will go, creating conditions for the population of the planet to fall from 6.7 billion people, to less than 2 billion. LaRouche's solution: Since the world depends on the credit potential of the dollar, the only way to prevent this collapse, is to retain the potential of the dollar for supporting *physical production*, and not supporting worthless financial paper, as is now being done.

## **Strategy**

- **A Curious Note:**  
**A Good Heart, But Bad History**

Lyndon LaRouche comments on a *Moscow Times* piece of April 24, 'Anti-Nazi Bill Targets Ukraine, Baltic States.' Author Natalya Krainova says the bill 'would make the rehabilitation of Nazism a crime which could result in Moscow cutting diplomatic ties with other former Soviet republics.' LaRouche cautions that the article misses the essential fact, and that one should first ask, 'How and why did the British monarchy, first, create both Benito Mussolini and Adolf Hitler as British-sponsored dictators, and, later, turn against Hitler, but only when the Wehrmacht was overrunning France?'

# Economics

- **The Genocide Policy Behind the Influenza Pandemic**

The new influenza virus advancing across the planet is bringing home to people, in a terrifying way, the reality that the human race and globalization cannot continue to co-exist. Either globalization is buried, or undertakers will be needed to bury upwards of 5 billion people. And that would not be good for 'the environment.' The World Health Organization has declared a Level Five alert, signalling that 'a pandemic is imminent.' Yet budget cuts and drug legalization threaten to spread the Type A(H1N1) virus even faster.

- **Crash Anti-Pandemic Program:**

- Rebuild Nations, Public Health, Food Production**

- **LaRouche Was Right:**

- Austerity Policies Will Cause Pandemics**

- **Cap and Trade Is Genocide**

- **The 'Behavioral Economists':**

- Circle of Evil Around President Obama**

- **Why Larry Summers Should Be Immediately Unemployed**

# International

- **Britain and France Lead the Attack Against Sudan**

President Obama's Special Envoy to Sudan, Maj. Gen. Scott Gration (ret.), and Sen. John Kerry, chairman of the Senate Foreign Relations Committee, have signaled a change in U.S. policy toward Sudan, away from confrontation, and toward bilateral diplomatic engagement. Yet, it seems that UN Ambassador Susan Rice didn't get the memo.

- **We Fight for a Better Life for Our Entire Population**

- Sudan's Undersecretary for Foreign Affairs, **Dr. Mutrif Siddiq**, gave this briefing at the Sudan Foreign Ministry on April 6, to foreign delegates, including several EIR correspondents.

- **The Western Media Is Lying About Darfur**

- An interview with **Osman Yosuf Kibr**, the governor of North Darfur State.

# Interviews

- **Osman Yosuf Kibr**

The Wali (governor) of North Darfur State in Sudan, gave this interview to LaRouche Youth Movement leader Summer Shields on April 7. Wali Kibr presents a picture of Darfur which is at odds with the distorted image found in the Western media.

# Editorial

- **Pakistan on the Brink**

# This Week's News

# U.S. Economic/Financial News

## More Details Emerge About GM 'Bailout' Scheme

## Three More Banks Bite the Dust

## Reich: No Economy Apart from the Welfare of the People

## Obama Plan Has Worsened the Foreclosure Disaster

### **More Details Emerge About GM 'Bailout' Scheme**

April 28 (EIRNS)—More information has emerged about the restructuring plan that General Motors submitted to the Securities and Exchange Commission last week. The company has until June 1 to nail down all the details, and get SEC approval, or the next step is bankruptcy court. Under the plan, the U.S. Treasury Department would own at least a 50% stake; the UAW would get 39%; bondholders would get the remaining 10%—and stockholders would lose everything.

And, what about jobs? In addition to the 21,000 assembly line jobs that would be permanently cut, the plan would shut down 42% of the dealerships, cutting an additional 6-8,000 jobs. The plan also depends on GM being able to sell off its Hummer, Saturn, and Saab divisions. The Swedish government has already balked at any bailout or takeover of Saab, preferring to let the firm file for bankruptcy.

According to the *Los Angeles Times*, bondholders are screaming bloody murder, over the pennies on the dollar that they would get in stock, in exchange for their bonds, arguing that the Treasury is getting a much better price for its \$10 billion in bailout cash.

The idea that taxpayers are subsidizing the bailout of GM at the expense of tens of thousands of lost jobs, is stunning, and will certainly have blowback.

### **Three More Banks Bite the Dust**

May 2 (EIRNS)—Federal regulators seized three more banks on May 1, bringing the tally of failed banks in 2009 to 32, compared to 25 in all of 2008. The Office of the Comptroller of the Currency shut down Silverton Bank of Atlanta, Ga., and the FDIC took over Citizens Community Bank of Ridgewood, N.J. and America West Bank of Layton, Utah. The FDIC arranged sales of the Utah and New Jersey banks, but set up a bridge bank to take over Silverton's operations. Silverton, with \$4.1 billion in assets, was the largest failure since Downey Financial Corporation was shut down last November, costing the FDIC about \$1.37 billion.

Of the three banks, Silverton, which the *Wall Street Journal* characterized as a "key cog in the South," may have the most systemic implications because, rather than being a depository bank, it was a commercial bank whose customers were other banks, about 1,500 in 44 states. According to an April 2 report in the *Birmingham Business Journal*, Silverton had been censured by the Federal Reserve Bank of Atlanta and prohibited from paying dividends or interest on any outstanding debt, or issuing any new debt without prior consent. Most of Silverton's losses were apparently in construction loans, pieces of which it had sold to smaller banks holding shares in Silverton, which led to its failure.

## Reich: No Economy Apart from the Welfare of the People

April 29 (EIRNS)—Former Labor Secretary Robert Reich, in a commentary this morning on National Public Radio, ridiculed the idea of an "economy" existing apart from the welfare of its citizens. "Many are deeply worried about what a swine flu pandemic could do to the already weakened U.S. economy," Reich said. "I understand their worry, but it strikes me as misplaced. The real worry is that lots of people could get sick and many could die."

"Thinking about a pandemic as an economic crisis assumes there's something called an 'economy' whose health can be separated from the well-being of real people," Reich continued. "It's like viewing the financial meltdown as a crisis for Wall Street measured in how low the Dow sinks, when millions of people are losing their jobs, their savings, and their homes. In the end, an economy is nothing but people. If vast numbers of people are doing well, the economy should be judged a success. If many people are hurting, the economy is failing. Health is a big factor."

## Obama Plan Has Worsened the Foreclosure Disaster

April 29 (EIRNS)—Administration or Federal Reserve talk on about "a coming economic recovery," raises just as many Congressional hackles as proposals for voting any more bank bailout money, according to Capitol Hill sources. The reason, they say, is that Members of Congress are feeling the heat over home foreclosures. Despite all the "mortgage modification plans" of the past two years, the foreclosure tsunami keeps rising, wrecking lives, households, and neighborhoods; and for two years, no one in Congress has had the courage to introduce the only action that would stop them—Lyndon LaRouche's Homeowners and Bank Protection Act of 2007.

In the latest foreclosure figures reported by the tracking firm RealtyTrac, it becomes clear that President Obama's mortgage rescue plan, announced on Feb. 17, has actually made the foreclosure wave *worse*. Foreclosures further spiked *after* February, with 320,000 filings and 86,000 home seizures in March. There were 802,000 foreclosure filings in the first quarter—the highest of any quarter so far—and 40% of those were in March. The latest spike occurred after the brief foreclosure moratoria by Fannie Mae, Freddie Mac, Wells Fargo, and two other lenders *were ended as a result of Obama's announcement of his plan*. Those moratoria had, for a while, capped the foreclosure tidal wave at a disastrous 3 million a year; now, the rate is closer to 4 million.

On April 28, this unsuccessful plan—which involves paying monetary incentives to lenders, before and after they refinance a mortgage, and each time the refinancing lasts six months without default—was extended to second mortgages, further expanding the lender bailout. As for one of the primary driver of foreclosures—the home price collapse—newly released Case-Shiller Index figures for February showed the national average home-price drop since the peak of the bubble in September 2006, had reached 28% and was still falling at over 2% monthly (the January-to-February drop was 2.2%). The drop from February 2008 was 18.6%. Prices continued falling in all 20 major metropolitan areas.

## Global Economic News

[Britain: First Quarter UK Job Losses Most in Europe](#)

[Grim Prospects for German Machine-Builders](#)

[Depression Killing German Tax Revenue Base](#)

[India's Exports Crashing](#)

## **Britain: First Quarter UK Job Losses Most in Europe**

May 1 (EIRNS)—Fish, it is said, rot from the head. So it is fitting that the home economy of the City of London usury center is leading Europe in job losses during the first quarter. Eurofound, an agency of the European Union, reports that job losses for the 27-nation group in the first quarter totalled 220,000, with 63,330 of those in Britain. Poland followed with 38,975 lost jobs, then Germany with 17,461. The figures do not include full-time workers who are put on half-time.

This is the highest rate of losses in the EU since monitoring began in 2002. And job losses are outstripping the creation of new jobs by three to one, the *Daily Telegraph* noted.

The auto sector was worst hit, with 32,584 jobs lost, but this does not include the tens of thousands of workers put on half-time. Retail sector lost 21,700 jobs, the financial sector lost 16,778 jobs, and the machinery sector 16,432.

## **Grim Prospects for German Machine-Builders**

April 30 (EIRNS)—German machine-builders expect a drop in output by up to 20% for 2009, the industry association VDMA said in Frankfurt yesterday, in an assessment which corrected rosier forecasts made just four weeks ago. There has been a decline of new orders by 42% during the first quarter of this year, as compared to the first quarter of 2008, but the VDMA still hopes for recovery signals from somewhere, somehow. However, since 75% of all machines produced go into exports, the fact that orders from abroad dropped by 43% in Q1, indicates that more trouble is still to come.

In any case, 25,000 layoffs are already envisaged. Printing and textile machines are the branches worst hit, with some reporting a collapse of orders by 70-80%. That also indicates that even the government's adopting the Spring survey of the chief economic advisory council, which forecast a drop in GDP growth by 6% this year, will have to be corrected. Officially, close to 700,000 Germans were on short-work in March, whereas firms already announced more than twice that number, namely, 1.5 million, for short-work during the same month. The "Springtime recovery" represented a minuscule 1,000 jobs in April this year, further evidence of the deepening of the depression.

## **Depression Killing German Tax Revenue Base**

May 2 (EIRNS)—According to a report on *Spiegel's* website, an internal memorandum of the German Finance Ministry is forecasting a drastic drop in the national tax revenue of Eu300 billion during the coming four years. This is the effect of less production, trade, consumption, and it contrasts visibly with the "external," i.e., official, propaganda of the government, that the market economy can be expected to rediscover its talents and powers, so that a recovery will arrive sometime in 2010. Eu300 billion is about 40% of an annual tax income of the State.

## **India's Exports Crashing**

May 2 (EIRNS)—The Indian export sector is imploding. Although the sector accounts for just 15% of GDP, some 10 million jobs are endangered, as the market for products like textiles and jewelry dries up in Europe and the United States. Exports were down 33% in March from a year ago, the sixth straight month of contraction, according to government figures published May 1, AFP reported. Imports were down by 34%. Commerce Secretary G.K. Pillai said that the decline in exports would go on at least until September. A. Sakthivel, president of the Federation of Indian Export Organisations, said there would be "approximately 10 million job losses" in the entire sector.

# United States News Digest

## Dingell Introduces Pecora Bill in House

## Orszag-Summers Program Will Destroy U.S. Health Care

## Summers Intervenes in Middle East Policy

## Murtha: No Apologies, No Corruption

## Lieberman To Push Iran Sanctions Legislation

### **Dingell Introduces Pecora Bill in House**

May 1—Rep. John Dingell (D-Mich.), the dean of the U.S. House of Representatives, introduced a resolution on April 21, calling for the establishment of a House Select Committee "to make a thorough and complete investigation of the causes of the current financial crisis and other matters."

Lyndon LaRouche commented, "This action by Rep. Dingell is of national significance. This is what President Obama is resisting. This is what must be done, if we are to save the nation. Now is the time."

Like the Senate Select Committee proposed by Sens. Byron Dorgan (D-N.D.) and John McCain (R-Ariz.), the House committee would have subpoena authority, and the authority to investigate any financial operations involving securities, mortgages, trading, and related activities.

In introducing his bill, Dingell said, "The Pecora Commission exposed a wide array of abusive practices by banks at the time of the Depression and resulted in the subsequent enactment of the Glass-Steagall Act of 1933 and Securities Act of 1934. It is my ardent hope that the resolution I introduce today will foster a coordinated approach among the multiple committees of jurisdiction on this matter, and lead to legislation that re-imposes a strict regulatory framework upon the financial services industry.

"As Ferdinand Pecora, the commission's namesake, remarked about the outcome of its investigation, 'Legal chicanery and pitch darkness were the bankers' stoutest allies.' I urge the members of this body to take heed of Pecora's words, now more irrefutably accurate than ever, and support this resolution, which will establish a time-tested mechanism by which to investigate and remedy the various unsavory practices that have led our Nation to an economic precipice of gargantuan proportions."

So far, the resolution, H.R. 345, has four co-sponsors: Keith Ellison (D-Minn.), James McGovern (D-Mass.), Marcy Kaptur (D-Ohio), and Tom Perriello (D-Va.).

### **Orszag-Summers Program Will Destroy U.S. Health Care**

April 29 (EIRNS)—The U.S. Department of Health and Human Services announced March 19 the start up of a Federal Coordinating Council for "Comparative Effectiveness Research." OMB director Peter Orszag and chief economic advisor Lawrence Summers pushed the plan through with a \$1.1 billion outlay as part of the Stimulus Bill, aimed at enforcing

drastic, deadly cutbacks in health care.

The Orszag-Summers strategy for dismantling health care has been crafted in cooperation with the British government and the Fabian Society's Centre for Economic Performance, based at the London School of Economics. In the early 1990s, that Centre's founder, Richard Layard (now Lord Layard), selected Orszag, then a graduate student in England and an employee of the Centre, to go to Russia as Layard's assistant in the looting and austerity that a British/Wall Street team inflicted on Russia after the collapse of the Soviet Union.

Lord Layard and his Fabian Society colleagues have run the strategic policy team for the Blair and Brown governments. Layard is an expert on the takedown of health care, unemployment insurance and other entitlements.

On June 3, 2008, Orszag—then director of the Congressional Budget Office—met in London with the Strategy Unit of British Prime Minister Gordon Brown. In a report entitled "Capturing the Opportunity in the Core Fiscal Challenge Facing the United States," Orszag told the British strategists how his and Summers' clique of "behavioral economists" would reverse "excess cost growth" in health care for the elderly and the poor.

A central tenet of this doctrine is that Americans now live too long, and that in the present world economic crisis, vast resources must be transferred out of health care—and into bailouts for financial predators.

## **Summers Intervenes in Middle East Policy**

May 1 (EIRNS)—President Barack Obama's economic Svengali, Larry Summers, has stuck his fat face into U.S. Middle East policy. While attending a national day celebration at the Israeli Embassy on April 29, Summers told the Israeli press that President Obama will not force Israel to sign a peace at "any price."

He said there should be "peace that defends innocent people, peace that guarantees freedom, peace that does not reward terror, peace that the Middle East deserves after such a long time."

*Yediot Ahronot* claims that Summers had "relayed" this "message" from Obama. The paper points out that it comes on the eve of Israeli President Shimon Peres's meeting with Obama next week, ahead of a visit by Israeli Prime Minister Benjamin Netanyahu later in May.

After "conveying the message," writes *Yediot*, Summers was asked by Israeli reporters how Netanyahu would be greeted at the White House on May 18, and he replied that the Israeli Prime Minister would find a good reception.

Summers' official position as head of the National Economic Council, of course, has nothing to do with foreign policy.

## **Murtha: No Apologies, No Corruption**

April 28 (EIRNS)—Rep. John Murtha (D-Pa.), a Democrat in the tradition of Franklin Roosevelt, is making no apologies about delivering funding for jobs for his district, according to a *Pittsburgh Post Gazette* article from March 29.

The article describes how Murtha helped fledgling industries with government contracts, and how they grew to work with major contractors on their own. Without this, Murtha said, "Johnstown would have been like Detroit is today. We would have been a ghost town.... My job as a member of Congress is to make sure that we take care of what we see is necessary. Not the bureaucrats who are unelected over there in whatever White House, whether it's Republican or Democrat. Those

bureaucrats would like to control everything. Every president would like to have all the power and not have Congress change anything. But we're closest to the people."

During the mid-1970s to the mid-'80s, so many families moved out of Johnstown because of unemployment, that it closed the only downtown high school. During that time, Murtha proposed that constituency leaders get together and agree on what they wanted done, and said that he would work to get it funded.

Murtha said he does not believe "earmarks" will ever stop, because, outside of Washington, D.C., there are no complaints. "Out in the field, people appreciate what has happened. They see the advantage of being able to help the district. And every district's the same," said Murtha. "The stimulus package," said Murtha, "is the earmarks of the administration."

## **Lieberman To Push Iran Sanctions Legislation**

April 28 (EIRNS)—Sen. Joe Lieberman (I-Conn.), speaking to the American Enterprise Institute, announced that he, along with 20 other Senators, will be introducing legislation tightening sanctions on Iran, respecting export of refined petroleum products. According to today's *Jerusalem Post*, he took the Israeli line, that any dialogue needs "not just carrots but sticks," and called for a "clear and credible set of benchmarks, milestones by which we can measure Iranian behavior, and an explicit timeline by which the Iranians understand that we must start seeing results."

Press TV, a Tehran-based station, called the sanctions bill "a move to wring gasoline out of Iran," because it will attempt to cut off gasoline supplies, by denying the companies that send gasoline to Iran, the right to do business in, or with, the United States. Iran imports about 40% of its gasoline, and it is a "collective punishment" against the population, since it is working people who would be most hard hit.

An analyst in the region told *EIR* that the Lieberman bill is timed to coincide with the opening of the AIPAC (American Israel Public Affairs Committee) conference this weekend. He said this bill is merely the Israeli position in Congressional clothing.

Among the other Senators sponsoring the bill are John Thune (R-S.D.) and Russ Feingold (D-Wisc.). Representative Mark Kirk (R-Ill.) will introduce similar legislation in the House.

## **Ibero-American News Digest**

**[Colombia's Uribe Again Warns: Drug Legalization Is Murder](#)**

**[Dengue Epidemic Sweeping South America's Southern Cone](#)**

**[Summers, Soros Claim Chile Finance Minister as 'Their Own'](#)**

**[Nuclear Energy Is on Ibero-America's Agenda](#)**

### **Colombia's Uribe Again Warns: Drug Legalization Is Murder**

April 30 (EIRNS)—As news was circulating in Buenos Aires that 12 youngsters had died over the April 25-26 weekend as a result of consuming the crack cocaine-like drug *paco*, Colombian President Alvaro Uribe warned from Cadiz, Spain, on



April 29, that "the world is promoting the wrong debate" on drug legalization. "I believe," he said, "that drugs *are legalized to the degree there is permissiveness with consumption*."

In Buenos Aires, *paco* is already de facto legalized, because anyone, poor or rich, can easily obtain it. What happens when drugs for "personal consumption" are legalized, as the Argentine government is considering? As one organizer from the Mothers Against Paco Foundation told *Infocielo*, "This is a drug of extermination.... We're not seeing a [drug] epidemic, but a pandemic!... We're tired of finding dead bodies."

In accepting the Cortes de Cadiz Freedom Award, Uribe asked, isn't it a contradiction that Colombia has made a huge effort to combat all aspects of the drug trade, "but at the same time, we have to tolerate the plague of consumption, because our legislation, as in the rest of the world, is permissive, and doesn't declare consumption to be illegal?" The world has to redefine the way it approaches the problem, Uribe said. Only an implacable war against the drug trade—not legalization—can stop the drug-related violence.

In Mexico, a backlash is beginning to emerge against the vote, in both the Senate and Chamber of Deputies, to legalize drug consumption for personal use, which is making some PAN legislators very defensive.

Huicot Rivas Alvarez of the Nayarit State Human Rights Commission warned, "We won't allow society to become the laboratory of the politicians. Nayarit and Mexico aren't Holland!" The governor of Morelos, Marco Adame Castillo, has denounced the drug legalization drive, and slammed the federal legislators for failing to take into account the "existing scientific evidence, as well as [information] on what has happened in countries where drugs have been legalized," and led to greater addiction rates among youth.

## **Dengue Epidemic Sweeping South America's Southern Cone**

April 22 (EIRNS)—Influenza is not the only disease spreading in Ibero-America under conditions of physical economic breakdown. The Southern Cone nations are the focal point of an expanding dengue epidemic, a virus, transmitted by the *Aedes aegypti* mosquito, which has four strains, the most deadly of which is hemorrhagic dengue.

The virus is spreading in Argentina, Paraguay, Bolivia, and Brazil. According to the Pan American Health Organization (PAHO), while the number of cases dropped throughout the Americas by 5.5% between 2007 and 2008, the number of serious cases *increased* by 46%, with deaths increasing by 84% during the same period.

So far this year, 215,000 cases have been reported in the Americas, 114,355 of them in Brazil. The 56,530 cases reported so far this year in Bolivia comprise the highest figure in the last 20 years, and this is only for the first four months of this year.

In Argentina, where dengue had been completely eliminated in the 1950s and 1960s, the 12,500 cases reported in mid-April, was triple the number reported just 15 days earlier. Some officials have put the total number of cases in Argentina as high as 40,000. Cases have appeared in metropolitan Buenos Aires, the country's most populous region.

According to Argentine infectious disease specialist Jorge Gorodner, "once a person has been infected [and recovered], if he is infected again by another strain, no matter how much time has passed, there is every possibility he will contract the hemorrhagic strain.... Practically 100% of the infected are susceptible" to reinfection. Gorodner says that this is the first time he has witnessed hemorrhagic dengue in Argentina, whose medical and sanitation infrastructure was once the best in South America.

## **Summers, Soros Claim Chile Finance Minister as 'Their Own'**

April 24 (EIRNS)—Chilean Finance Minister Andrés Velasco is the new whiz kid of the region, if you listen to President Barack Obama's economic controller and hedge fund speculator Larry Summers and drug kingpin George Soros,

Summers, who is feeding disastrous economic prescriptions to Obama, was at Harvard when Velasco taught economics there, prior to joining the administration of Michelle Bachelet in 2006. He has showered Velasco with praise for being both "smart" and "practical," and the two continue to be close friends.

Soros, who met with Velasco last week in New York, lavished praise on the Finance Minister, for having built up a \$46.8 billion slush fund derived from a large copper windfall, some of which the government is now using as a "stimulus" plan. Chile is the only country in a position to adopt such a program, Soros gushed, adding that if other Ibero-American nations had followed Chile's lead, the "economic climate would be far different."

What Summers and Soros approve of, is that when copper revenue was pouring into the country, due to the commodity's high price, Velasco disregarded cries to invest the revenues productively, to create jobs or build infrastructure. Instead, he invested half of it abroad, largely in government bonds, and refused to spend anything on what he termed "expansionary" policies. His "stimulus" spending includes a \$68.41 handout each to poor citizens—a pittance—and helping to put through a social security reform, which doesn't even begin to address the disastrous situation created by the privatized pension system imposed in 1981 by the Pinochet dictatorship.

Unemployment in Santiago, the capital, has meanwhile soared to 12.6%, and is expected to go higher. Former Christian Democrat and Presidential hopeful Adolfo Zaldívar put it succinctly, in describing Velasco's methodology: "He acted like an accountant."

## **Nuclear Energy Is on Ibero-America's Agenda**

April 15 (EIRNS)—"After decades of lethargy, nuclear energy has again regained its place in the world as a sustainable alternative for electricity generation," said Norberto Copari of Argentina's National Atomic Energy Commission (CNEA), during a March 19 conference in Buenos Aires.

This idea of "repositioning" nuclear energy was a key topic of the conference, attended by Argentine and Italian scientists and nuclear experts. Argentina, which has developed all phases of the nuclear fuel cycle, including uranium enrichment, is in the process of completing the Atucha II nuclear plant, scheduled for completion in 2010 or 2011, and has signed an agreement with Atomic Energy of Canada, Ltd., to build a fourth plant.

The state company which oversees the country's nuclear plants, Nucleoeléctrica Argentina, S.A. (NASA), has declared that all activities related to the fourth plant's construction, start-up, and commercial service are a "matter of national interest."

But the discussion isn't limited to Argentina. Those who reject the British Empire's Malthusian "green energy" insanity, propose building nuclear plants in several countries, and having them serve as "schools" to train professionals and technical experts able to run the plants, or to cooperate with other nations which seek to build new ones.

Brazil and Argentina have already formed the Argentine-Brazilian Agency for Nuclear Energy Applications (Aabasen), responsible for designing nuclear energy projects for the next ten years, including medical, industrial, and environmental applications. Aabasen will help to complete Atucha II in Argentina, as well as begin construction of Angra III in Brazil. According to APM news service, this drive toward regional integration for nuclear energy will represent a qualitative and

quantitative leap in energy production, and has inspired Venezuela and Chile to consider building their own nuclear plants.

## Western European News Digest

### May Day Demonstrations Turn into Riots Across Europe

### Will Labour Split Open Door for Tory Rule?

### Soros Declares Italy 'Partly Free'

### Prince Charles Becomes Italy's Laughingstock

### German Physicists Call for Nuclear Power

### Fabian Economist in Duel With Tremonti

### Bridge Over the Po River Collapses

## May Day Demonstrations Turn into Riots Across Europe

May 2 (EIRNS)—Mass demonstrations against economic austerity and joblessness broke out across Europe on May Day. Police in Berlin arrested 57 people, while some 50 policemen were injured, as young demonstrators threw bottles and rocks, and set fire to cars and rubbish bins. There were also clashes in Hamburg, where anti-capitalist protesters attacked a bank.

In Turkey, masked protesters threw stones and petrol bombs (Molotov cocktails) at police, smashing banks and supermarket windows in Istanbul. Security forces fired tear gas and turned water cannons on hundreds of rioters; more than 100 were arrested, while dozens were injured. There were also scattered skirmishes with police in the capital, Ankara, where 150,000 people marched. The government had declared May Day, traditionally marked by rallies by labor unions, a public holiday this year, under pressure from unions.

In Greece, officers fired flash grenades to disperse rioters in Athens, after attacks on banks and traffic cameras. Transport strikes disrupted bus, train, and ferry services as well as flights by Greek carrier Olympic Airlines.

Twenty people were injured and five arrested after police clashed with demonstrators at a Labor Day rally in Linz in northern Austria. The incident came after police intercepted some 50 hooded protesters among a procession of 700 people at a Communist Party rally.

In France, unions joined forces for the first time since the Second World War, but turnout was not as high as the day of action in March, in which up to 3 million attended 300 rallies against President Nicolas Sarkozy's economic recovery plan.

There were also marches in big cities in Spain, burdened with the highest unemployment rate in Europe (17+%). More than 10,000 people gathered in Madrid in a demonstration organized by the country's two largest trade unions.

In Italy, union leaders from the three main national federations shifted rallies from major cities to the earthquake-stricken town of L'Aquila, as a sign of solidarity with thousands who lost their jobs after last month's deadly quake.

## **Will Labour Split Open Door for Tory Rule?**

May 2 (EIRNS)—Not only is the British Labour Party losing big in the polls, but now, there is talk of a split, which could create a situation in which Labour drops to become the third-largest party. Lord Paddy Ashdown, former Liberal Democratic leader, disclosed to the *Daily Telegraph*, that as many as 20 senior Labour MPs may leave the party, with some considering crossing over to the Liberal Democrats. Since they are all said to be Blairites, loyal to his Fabian "New Labour" ideology, it is clearly a move by the Fabian crowd to dump Labour and go with some form of left-wing Tory fascism.

A similar split in the Labour Party occurred 1981, when David Owen, Roy Jenkins, Shirley Williams, and Bill Rogers left to form the Social Democratic Party, which later combined with another party to form the Liberal Dems, only to cause Labour to lose the election and bring to power decades of Conservative government under iron witch Margaret Thatcher and John Major.

## **Soros Declares Italy 'Partly Free'**

May 2 (EIRNS)—The George Soros-financed Freedom House has branded Italy as a "partly free" country. In its latest report on "freedom of information," Freedom House writes: Europe "continues to boast the world's highest level of press freedom. However, Italy slipped back into the Partly Free category with free speech limited by courts and libel laws, increased intimidation of journalists by organized crime and far-right groups, and concerns over the concentration of media ownership."

The latter is a reference to Prime Minister Silvio Berlusconi who, the report says, controls state television (Rai) through the government, and owns the Mediaset commercial TV network. Although Berlusconi's media power is undeniable, the report is grossly exaggerated. For instance, several prominent anti-Berlusconi journalists have a free hand inside Rai TV, and run very popular anti-Berlusconi programs, with large audiences.

## **Prince Charles Becomes Italy's Laughingstock**

May 1 (EIRNS)—Britain's Prince Charles arrived in Rome with his consort Camilla at the end of April, proclaiming that "there is no doubt that man's activities are responsible" for increased CO<sub>2</sub> emissions, which "began to rise dramatically at precisely the point the Industrial Revolution began in the mid-18th Century." Charles's European tour is being described in the Italian media as an "environmental crusade." After Italy, he goes to Germany.

On April 27, he spoke at the Chamber of Deputies (lower house of parliament), and met with the Pope. He had dinner with State President Giorgio Napolitano, and was to be in Venice April 28.

Charles has not been well received by the Italian media: He was ridiculed by *Il Giornale* ("he plays Nostradamus"), *Libero* ("His Sadness"), and the business daily *Il Sole 24 Ore*.

Charles and Camilla's arrival in Rome was introduced by an article by Charles in *La Repubblica*, entitled: "A New Renaissance To Save Our Earth." Charles rebuked critics of the global warming fraud, writing that those critics should visit the British Statistical Institute on Antarctica in Cambridge and see the ice cores that allegedly show that CO<sub>2</sub> started to increase dramatically "when the Industrial Revolution started."

## **German Physicists Call for Nuclear Power**

May 1 (EIRNS)—On the sidelines of its annual international congress in Dresden,, with 5,300 scientists from 40 countries attending, the German Physical Society (DPG) called for revival of nuclear research and of nuclear plant construction. Putting it in the context of reduction of CO<sub>2</sub> emissions, Gerd Litfin, president of the DPG, said, "We will not be able to neglect nuclear power, if we want to achieve that objective.... This is simply a reasonable consequence drawn from the parameters we have."

Litfin said that profits made by the power companies from prolonging their licenses for operating nuclear power plants, should be invested in research into new technologies like hydrogen fuel and thermonuclear fusion. Politically motivated constraints on that research must be lifted, Litfin said, pointing to the fact that "expenditures for energy research have dropped to 30% of what they were in 1970, which is extremely low."

## **Fabian Economist in Duel With Tremonti**

May 1 (EIRNS)—Tommaso Padoa Schioppa, former Italian Treasurer and member of the influential British Centre for Economic Policy Research (CEPR) nest of Fabian economists, had a public duel yesterday with Economy Minister Giulio Tremonti, on globalization, financial crisis, and world currency schemes. The occasion for the duel was the presentation of Padoa Schioppa's latest book, which denies that there is a "crisis of the system."

According to published reports, Tremonti reiterated his belief that there is a relationship of cause and effect between financial crisis and globalization, and rejected the idea of a world currency.

## **Bridge Over the Po River Collapses**

May 1 (EIRNS)—A 101-year old bridge over Italy's Po River has collapsed. The bridge connected the historic Via Emilia, which links the cities of Piacenza (Emilia-Romagna) and Lodi (Lombardy). The only large connection between the two cities is now the A1 highway, which the government has declared toll-free. A debate has started on the causes for the collapse of the bridge, which was already under repair. Prince Philip's World Wildlife Fund claims that it was because of the "artificialization" of the Po River. On the contrary, the Po, Italy's largest river, has an immense backlog of needed repairs, to regulate its flow and make it fully navigable from Turin to the Adriatic.

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

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**LaRouche, Zepp-LaRouche Warnings Publicized in Russia**

May 3 (EIRNS)—The Russian news agency Itar-Tass today published a dispatch on Helga Zepp-LaRouche's press conference in Copenhagen April 29, filed by correspondent Nikolai Morozov. The short version, highlighted on the Itar-Tass website, was the following (translated from Russian by *EIR*):

"The world economic crisis is 'neither a recession nor a depression, but the collapse of an unbelievably inflated speculative financial system,' stated Helga Zepp-LaRouche, President of the German Schiller Institute. She called for the formation of 'a new international financial architecture.' The current economic crisis, she said, resulted from the operation of a casino-economy, which led to unlimited globalization and predatory capitalism."

The high authority of American economist Lyndon LaRouche, in the current world economic breakdown, continues to be recognized in many different media in Russia and Ukraine. Coverage, monitored by *EIR* in late April and the first days of May (see *EIR* May 1, 2009):

\* A round table titled "Bankruptcy of the World Financial System," held April 13 at the Glavred political club in Kiev, Ukraine, was addressed by LaRouche representatives Rachel Douglas and Sky Shields. They played a Russian-dubbed version of the opening 20 minutes of LaRouche's March 21 webcast, in which he discussed economist James Galbraith's observations on the flawed premises used by today's economists and officials. Then, Douglas and Shields presented the briefing LaRouche had given in his April 11 webcast, outlining the clash between the "LaRouche/FDR" tendency in Democratic Party circles, and the economic behaviorists around President Obama. The full transcript of this round table was published on April 24 by Glavred and in the blog of one of its activists, Yuri Romanenko. Since then, it has been reproduced on at least 15 websites and blogs in Ukraine, Russia, and Kazakhstan, becoming a topic of discussion in the associated Internet forums.

\* LaRouche's short, April 20 warning about the threat of the depression exploding into hyperinflation went out in Russian and has been further publicized on the websites of the Communist Party of the Russian Federation and the Russian Anti-Globalist Resistance.

\* A popular posting on RuTube, the Russian video-clip site, is a briefing recorded by Ukrainian economist and Progressive Socialist Party of Ukraine leader Natalia Vitrenko, at a Eurasia News club meeting in October 2008. Half of her 20-minute talk was devoted to explicating Lyndon LaRouche's Triple Curve function, as having forecast the crisis, and relating how Vitrenko's "Memorandum to Mankind" initiative in the mid-1990s grew into the LaRouche-led movement for a New Bretton Woods, premised on relaunching real economic growth.

\* On May 3, the new site InoForum, which publishes translations from the foreign press, showcased Rachel Douglas's article from the April 10 issue of *EIR*, titled "Summers Is Hated in Russia for What He Did in the 1990s."

## **Crisis in Russian Steel Sector**

April 30 (EIRNS)—Russian steel producers are reporting more contraction of production, although the year-on-year figures are not so drastic as they were for the last months of 2008. On April 29, the giant steelmaker Severstal reported a 21% drop in crude steel output, year-on-year, in the first three months of 2009, to 3.8 million metric tons. Rolled steel production was down 18%, cast iron down 20%, and coal 32%. Severstal produces over 16% of Russian steel, with factories in Russia, the United States, Italy, France, Britain, and Ukraine, and has already laid off 9,500 workers.

Magnitogorsk Iron and Steel Works (MMK), which makes 20% of all steel products sold on Russia's domestic market, had to report a 43% fall in output earlier this month, and yesterday reported a 17% fall in profits in 2008. Mechel steel lost 30% of production.

The Zlatoust specialty steel plant in Yekaterinburg has halted production until June, according to news agency reports. In March, 16 workers staged a hunger strike at the plant to protest wage cuts.

## **Unemployment at Ten-Year High in Russia**

April 30 (EIRNS)—Some 7.5 million Russians, 10% of the workforce, are now unemployed, the Economic Development Ministry announced April 27, with another 1.2 million on unpaid leave. Another 500,000 people are not getting paid: Wage arrears are at 8.755 billion rubles (\$262 million), RFE/RL reported on the eve of the international Labor Day, May 1. At one plant producing Kalashnikovs, workers are getting food packages instead of wages; and at the Magnitogorsk Iron and Steel plant in Yekaterinburg, which employs 25,000 people, workers are being given plots of ground near the plant to grow potatoes.

The Ministry projected that fully one-third of all Russian companies, especially those in the auto and metallurgy sectors, plan further layoffs. Living standards overall are severely undermined: Due to the weak ruble and inflation, workers' buying power has been slashed by 40%.

## **Yakunin: Invest in Railways To Save Economy**

April 30 (EIRNS)—Russian Railways president Vladimir Yakunin told a conference in Moscow today that investment in infrastructure projects is the most efficient way to support the economy and development of production in Russia, Voice of Russia reported today. He called on the government to support the state-owned railroad company's investment program, because this is not only an industrial, but also a macroeconomic question.

Earlier in April, Yakunin announced that Russian Railways will be forced to lay off 53,700 workers in 2009, because the huge company expects losses of some 50 billion rubles (\$1.48 billion). Russian Railways employed about 1.3 million people as of the beginning of this year, but by early April, the company's workforce was down to 1.2 million, *Moscow Times* reported. Management announced that 450,000 people were working shorter hours, and 247,000 had to take unpaid vacations.

Losses were 26.8 billion rubles in the first quarter alone, *Moscow Times* reported April 10, and somewhat lower losses are expected this quarter. Cargo volume is falling sharply, down by 27% in the first three months from a year ago. Because the rate of cargo collapse slowed down over the three months, a Bloomberg reporter asked Yakunin on April 8 if this indicated some kind of recovery. The Russian Railways CEO dismissed that notion: "The crisis is only beginning to bite, and we should wait for more reliable figures."

Senior vice president Fyodor Andreyev says that the railroads have been hit hardest by the situation in the metals and construction sectors. Yakunin also said on April 8 that Russian Railways is cutting purchases of new track by 30%. This will hit Mechel steel, which had planned to spend \$500 million to build a new mill to produce 400,000 tons of rails over 20 years, beginning in 2012.

Yakunin told the Moscow conference that Russia, as the transport bridge between Europe and the Asia-Pacific region, is constantly developing its rail network in Siberia and the Far East, Voice of Russia reported. It is important not to cut the number of new projects now because of the crisis, he said, adding that infrastructure development is the most efficient tool to prevent the decline of GDP and production. New projects include cargo lines to the ports of Vysotsk and Primorsk in northwest Russia, and improving the capacity of the ports of Vanino and Sovetskaya Gavan in the Far East. Russian Railways will also continue to modernize infrastructure for getting cargo to Rajin in North Korea, which connects the

Transiberian Railway with the Trans-Korean Road.

Building these projects will save and create hundreds of thousands of jobs and contribute to further economic and social development of Russia's regions, Yakunin said.

## Southwest Asia News Digest

### Gates: Military Attack Won't Stop Iran's Nuclear Program

### Prince Turki: U.S.A. Must Engage with Hamas

### Eighty Percent of Gazans Live Below Poverty Line

### Abbas Demands Israel Return to 1967 Borders

#### **Gates: Military Attack Won't Stop Iran's Nuclear Program**

May 2 (EIRNS)—U.S. Secretary of Defense Robert Gates offered a third alternative to sanctions or military attack to deal with Iran's nuclear weapons program, during testimony to the Senate Appropriations Committee on April 30. In response to a question from Sen. Frank Lautenberg (D-N.J.), Gates said that "the only way to eliminate an Iranian determination to have nuclear weapons, in my opinion, is for that government to make that decision. Even a military attack will only buy us time and send the program deeper and more covert."

Gates proposed a combination of the usual diplomatic and economic pressures "with a diplomatic door that they can walk through if they choose to, so that they don't feel like they've been backed into a corner and have no choice but to go forward, plus trying to persuade them that their security interests are actually badly served by trying to have nuclear weapons ... and they will be less secure at the end than they are now."

#### **Prince Turki: U.S.A. Must Engage with Hamas**

April 27 (EIRNS)—The New American Foundation was the venue for a conference on U.S.-Saudi Arabia relations in a "World Without Equilibrium." where Prince Turki al-Faisal, the former chief of Saudi Intelligence and former Saudi Ambassador to the United States, was the main Saudi speaker. Turki made two points: The U.S. should talk to Hamas, directly, immediately; and President Obama should tell Prime Minister Benjamin Netanyahu when he visits Washington this month that (paraphrased): The U.S. believes in a two-state solution, do you? I (Obama) believe that the Annapolis (2007) agreements are binding, do you? And that Netanyahu "needs to know the President means business."

Turki was on a panel that also included former National Security Advisor for Jimmy Carter, Zbigniew Brzezinski; former Nebraska Sen. Chuck Hagel; Rita Houser of the New York Council on Foreign Relations; and Brent Scowcroft, former National Security Advisor under George H.W. Bush, who couldn't be present, but sent on-the-record remarks from a closed session held the night before.

What came out in the conference is that the *none* of the aid pledged by the Saudis, for example—\$1 billion—has been delivered for Gaza reconstruction, because Hamas "cannot get their hands on that money," as the Bush Administration used to say. Rita Hauser called the Gaza situation "lamentable beyond lamenting," and suggested that the U.S. let the



Europeans, Arab League, and other countries negotiate with Hamas—quickly—so that a unity government can be created.

Turki disagreed with Hauser on that, saying that the *United States* has to engage with Hamas itself, as you cannot isolate, ostracize, and reject a legitimate representative of the Palestinian people. He said there is an "imperative" that the U.S.A. engage with Hamas, and there is "no justification" to exclude them, "none whatsoever."

Brzezinski stated that there is no military action against Iran that can be justified. Under Secretary of State William Burns gave a keynote speech, and then answered questions off the record, put heavy emphasis on the commitment of the U.S. to diplomatic engagement with Iran.

## **Eighty Percent of Gazans Live Below Poverty Line**

May 1 (EIRNS)—International donors have promised \$4.5 billion in aid to reconstruct the Gaza Strip and the West Bank, but nothing has been delivered to the Gaza Strip, where it is needed the most. The political blockade against Hamas, and the siege conditions Israel has imposed on Gaza, are responsible for the disastrous conditions.

The Hamas Labor Minister in the Gaza Strip, Ahmed al-Kurd, announced that unemployment in Gaza is 65%, while 80% were under the poverty line, and 85% are dependent on international relief organizations like the United Nations Relief and Works Agency (UNRWA).

John Ging, UNRWA chief in Gaza, told a news briefing at the European Union headquarters in Brussels that none of the \$4.5 billion pledged in aid to the Palestinian National Authority has reached Gaza, in part because the Israelis continue to keep the crossings closed. "Billions of dollars were pledged for recovery and reconstruction, and yet none of that can actually connect with those whose lives were destroyed," Ging said, as quoted in *Ha'aretz*.

Another UN official, Robert Serry, toured Gaza and said that "the situation is really alarming. Fulfilling the humanitarian needs and beginning early recovery is impossible without the adequate entry of fuel, cash, and materials needed for the repairs of damaged or destroyed homes, schools, clinics, and other urgent infrastructure repairs."

With thousands of Gazans still homeless, Serry warned, "in the absence of real progress on issues like Palestinian reconciliation, open crossings, secure borders, and a prisoners exchange, the potential for renewed violence is ever present."

Earlier in the week, Serry toured occupied East Jerusalem and urged Israel not to destroy Palestinian homes it claims were built "illegally."

## **Abbas Demands Israel Return to 1967 Borders**

April 28 (EIRNS)—In a speech given in Ramallah on the West Bank on April 27, Palestinian Authority President Mahmoud Abbas challenged the definition of Israel as a "Jewish State."

Invoking international agreements, including the 2007 Annapolis conference, Abbas said, "A Jewish State: What is that supposed to mean? You can call yourselves as you like, but I don't accept it, and I say so publicly." Agence France Presse noted that Abbas emphasized that the term "Jewish State" was "extensively discussed" at Annapolis, and rejected by the Palestinians. Following that, Israel and Palestine reopened the peace negotiations.

Abbas added that the Palestinian Authority would recognize Israel as an independent country, only if Israel withdraws from "all of the land occupied by Jordan from 1948 to 1967," reported AFP. Abbas was immediately denounced by the Israeli Foreign Ministry, now headed by Russo-Israeli fascist Avigdor Lieberman. Lieberman's ministry said that this proves the Palestinian Authority does not want peace. The Netanyahu/Lieberman government will make this a major topic at the upcoming American Israel Public Affairs Council (AIPAC) meeting in Washington.

## Asia News Digest

### Thai Foreign Minister Exposed as Tyrant

### 30 Million Chinese Migrants Lose Jobs

### Gates: Troop Strength in Afghanistan Near Soviet Level

### Pakistan's Army Chief Skips Trip to Washington

### Japan's Economy Hits New Lows

#### Thai Foreign Minister Exposed as Tyrant

April 27 (EIRNS)—Thai Foreign Minister Kasit Piromya, who was a leader of the fascist gangs that shut down Thailand's Government House and international airports last year, spoke at Georgetown University, his alma mater, on April 23. His participation in the anarchy by the "yellow shirts" on the streets of Bangkok earned him the Foreign Ministry post in the British-controlled government of Abhisit Vejjajiva, which was subsequently placed in power.

At Georgetown, Kasit praised the anarchists and their military and monarchist sponsors, for running three coups against former Prime Minister Thaksin Shinawatra and his supporters over the past three years. His complaints against Thaksin and his supporters included: putting too much emphasis on business expansion; spending too much time in China; and working too hard to integrate the Mekong region through infrastructure development with neighboring countries. And, of course, corruption.

*EIR* asked Kasit if he truly believed that his dislike for the previous government's policies justified his personal participation in acts of insurrection and anarchy. Kasit tried to defend himself by ranting about Thaksin's corruption. However, the next question came from a Georgetown student who said: "I'd like to go further than the last questioner—how can you claim to be a democrat when you support a government placed in power by the elite, and call for the King to appoint the members of Parliament?"

Kasit responded that Thaksin was responsible for the deaths of many drug dealers in his war on drugs, and for many Muslims in the insurrection in the South, implying that a military/monarchist coup was justified. But, he lied: "The monarchy is above politics," failing to note that the King's Privy Council ran every aspect of the yellow shirts' anarchy, the decisions of the military-appointed courts, and the military coups themselves.

#### 30 Million Chinese Migrants Lose Jobs

April 30 (EIRNS)—As many as 30 million of China's vast migrant workforce have returned to their villages, because they

could not find other jobs in the urban areas—a figure 50% higher than what the government reported just a month ago. Cheng Guoqiang, deputy head of the State Council's Development & Research Center, told a Beijing conference April 22 that the "global financial crisis has led to job losses in China, and many migrant workers had to return to the rural areas. Earlier reports put the estimate at 20 million people. According to our estimate, about 30 million farmers have lost their jobs," *Hurriyet* reported.

The Chinese government is reporting that at least 225 million people, 28% of the rural population, have left villages and farms to find work, either in local towns or in East Coast factories, a figure almost double that (130 million) being used until recently. Many of these are second-generation migrants, who still must maintain their official registration in their own or their parents' birthplace in the countryside. Wages sent back to the villages made up 40-50% of the income of the rural population; many are now losing this income.

### **Gates: Troop Strength in Afghanistan Near Soviet Level**

May 2 (EIRNS)—U.S. Defense Secretary Robert Gates told CNN that there will be 100,000 foreign troops in Afghanistan this year. "That's only about 10,000 shy of what the Russians had, and I think we need to think about that," he said, adding that it would be a "hard sell" to request more U.S. troops this year, over the 21,000 that President Obama has already ordered.

The Soviet Army moved into Afghanistan in December 1979, and had to pull out nine years later, as the war proved as much of a disaster as the U.S. war in Vietnam—including in the effects of drug addiction and demoralization on the Soviet troops.

### **Pakistan's Army Chief Skips Trip to Washington**

May 3 (EIRNS)—Pakistan Army Chief Gen. Ashfaq Pervez Kayani will not accompany President Asif Ali Zardari to the U.S. for a trilateral summit next week, which also involves Afghanistan, to discuss a regional policy to tackle terrorism. The U.S. administration was keen that Kayani should head the Pakistani military team. Kayani supposedly chose to stay home in light of the growing insecurity in Pakistan.

But the real reason could lie somewhere else. It is evident that the Obama Administration has begun to identify Zardari as a lame-duck President, and is now talking to the Pakistan Muslim League (Nawaz) leader and Prime Minister for two terms, Nawaz Sharif, as a desired replacement for Zardari. The *Washington Post's* David Ignatius wrote in his column today that the U.S. "is looking increasingly" to Nawaz to replace the weak Zardari.

The Pakistani Army never accepted Zardari as President, and sees Nawaz as a better alternative. Nawaz is Punjabi, endorses Islamic law (*Sharia*), has good contacts with the Pakistani Taliban leaders, is definitely much more anti-India than Zardari, and is very close to Saudi King Abdullah.

To some in Washington, replacing Zardari with Nawaz would provide an opportunity to start negotiating with the Afghan Taliban. The Saudis have close contacts with Mullah Omar, the Taliban supremo, and Team Obama is making its move to begin negotiations with the Afghan Taliban in order to set the ground for an exit at some point—say, in two years.

"One of the most stupid things that was done, was getting rid of Musharraf," Lyndon LaRouche commented. "And the motives for doing it were evil. Now, we have an uncontrollable situation, because of that policy, the dumping of Musharraf. Whatever you want to say, he could hold the country together, and our objective should have been, 'Hold the country together!' But the Administration had a different policy.

"You're creating a situation in which one figure you use to replace another, is less competent than the person he's replacing," LaRouche continued. "And this is where the damn problem comes: You're losing credibility, in the ability to manage the international situation, by destroying anybody who has any credibility. That's what really the British are doing! Destroying anybody who has credibility, and that way you can manage the situation."

## **Japan's Economy Hits New Lows**

May 2 (EIRNS)—Every economic sector is reporting negative numbers that tend toward the superlative—"fastest falling," "worst," "lowest," etc. Japan's seasonally adjusted unemployment rate in March grew at the fastest pace in more than 40 years, to hit a four-year high of 4.8%, with a record number of people being laid off, the government said May 1.

Japan's unemployment hits hardest at "non-regular" workers, employed by temporary agencies or in seasonal work. A government survey shows that a growing number of non-regular workers are losing jobs, with the figure likely to exceed 207,000 by the end of June. Only about 21% of the confirmed job seekers were able to find work.

The Land and Infrastructure Ministry reports that housing starts in Japan last year fell to a 42-year low, partly due to devastated condominium sales. Housing starts in fiscal 2008 were just over 1.03 million, the lowest level since 1966.

## **Africa News Digest**

### **Sudan-France-Britain Talks End Without Positive Result**

### **Anti-Sudan Sanctions Magnify Impact of Global Collapse**

#### **Sudan-France-Britain Talks End Without Positive Result**

April 27 (EIRNS)—A high-level Sudanese delegation ended talks today in Paris with French Foreign Minister Bernard Kouchner and Britain's Lord Mark Malloch-Brown, a key figure in the founding of the private International Criminal Court (ICC). No progress was made in the talks, French Foreign Affairs Ministry spokesman Frederic Desagneaux told reporters earlier today. On April 21 the *Sudan Tribune* reported that the French spokesman had said that Sudan must "fulfill its obligations to the ICC." He added, "This meeting is trilateral, because we have a very close dialogue with the United Kingdom on this issue."

During the talks, the two ex-colonial powers did not budge from their position. Afterwards, Desagneaux said that the French and British delegations "reiterated their commitment to international criminal justice and cooperation with the ICC."

Sudanese Presidential Assistant Nafi Ali Nafi, interviewed on Radio Monte Carlo Arabic service, said the focus of the visit was to establish bilateral relations. This was rejected by the former colonial powers. Nafi said that Sudan refuses to deal with the ICC, calling it a "political tool used against African leaders who are viewed to be uncooperative with Western programs in Africa."

France and Britain are now the only permanent members of the UN Security Council that are refusing to deal bilaterally with Sudan.

## Anti-Sudan Sanctions Magnify Impact of Global Collapse

May 2 (EIRNS)—The Sudanese Ministry of Finance and National Economy issued a report to the Cabinet on April 24, showing that the global economic collapse is having a devastating impact on the nation. These effects are compounded by the U.S. sanctions, which are undermining the unity of the country. The Brutish financial cartel has been confidently predicting, through such outlets as *The Economist*, that Sudan will be balkanized.

Despite the setbacks, a cabinet spokesman said the central bank would continue to subsidize electricity, promote agricultural organizations, pay off agricultural taxes for states, pay arrears for the Government of South Sudan, and fund hospitals, medication for children, and a national fund for students.

He also said that the Cabinet wanted citizens to be informed of the impact of the world economic and financial crisis on Sudan.

The impact of U.S. sanctions was exposed at a conference in Washington on April 29, sponsored by Executive Research Associates. The conference, entitled "U.S. Sanctions on Sudan: Intended and Unintended Consequences," released information developed by consultants in partnership with the National Foreign Trade Council, an American business organization. Their well-documented report showed that there are in effect two U.S. policies for Sudan: one for areas under the control of the central government, and another for areas that U.S. policy does not want to be under control of the central government. These areas include: Darfur, South Sudan, other areas designated as transition areas between North and South, and some internally displaced persons (IDP) camps around Khartoum.

This apartheid approach toward what should be considered a unified sovereign nation, is creating conditions for eventual secession of the South. A referendum on this question, scheduled for 2011, was part of the Comprehensive Peace Agreement (CPS) which ended the North-South civil war in 2005. Development in the South has been challenged by the sanctions. According to a report by the conference sponsors, logistical problems of three types challenge efforts at investment promotion in South Sudan: transportation, the supply chain and operational issues, and legal costs.

Already, to get around the predicament caused by the sanctions, parallel state-run institutions have been established in the South, such as an electricity company and a state bank. Such "sovereign" structures in South Sudan reinforce the notion of an independent South Sudan.

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