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Berwick, Blair, Hitler & Obama:
The Death of London's Roman Empire
by Lyndon H. LaRouche, Jr.

January 10, 2011—In earlier published reports, I had warned, in way or another, that the Roman empire, which is represented presently by the terminal conditions of the hyper-inflated British empire, has reached the fag end of its tyrannies, in one manner or another. Either the British empire will be shut down soon, or the entire planet were presently at the brink of its collapse into a prolonged, global nightmare, a new "Dark Age" far worse than that which Europe experienced during the 14th Century.

However, it were true, hypothetically, that the United Kingdom itself could survive this threat, and the world at large, too; but, that could occur only if the United Kingdom were induced to abandon what Rosa Luxemburg, and also the U.S. State Department's historian Herbert Feis, had identified correctly as the systemic form of what, in fact, was the British empire as such. I supplement Feis's studies with the fact that the British empire is still, at this moment, an empire which is, in fact, the current expression of that imperialism which was originally that of the monetarist form of empire launched by the then future Caesar Augustus on the Isle of Capri...

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This Week's Cover

- **Berwick, Blair, Hitler & Obama:**
The Death of London's Roman Empire
by Lyndon H. LaRouche, Jr.

The original Roman Empire passed through a succession of crises, sometimes as the Roman Empire by name, later as Byzantium, or the New Venetian system of Paolo Sarpi, or the Anglo-Dutch imperial system, and, today, the financial system of the London-centered Inter-Alpha Group. Unless that hopelessly bankrupt Inter-Alpha Group is mercifully buried, the planet as a whole will soon be plunged into a catastrophic New Dark Age. 'The only efficient way to explain the process at work,' LaRouche writes, 'is to identify the principle which was presented, from the top down, in the crafting of the great principle on which the Preamble of the original U.S. Federal Constitution is premised to the present day. That is the same principle which is better known today as the GlassSteagall principle—known as a name, but rarely, competently understood. I explain.'

Economics

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Worldwide food prices are inflating, and grains production is now running below even current levels of consumption— which levels themselves are far below the volume of food required. This is not because of global warming, population growth, or any such nonsense spouted by malthusians and the food cartel: It is the result of a deliberate, oligarchical policy.

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- **A Big Mideast War Coming in 2011**

Looking at the collapse of the Lebanese government, the tension between Israel and Gaza, and the mobilization of the fanatic Israel Lobby in Washington, one can only conclude that the Economist's 'forecast' of a 'big Middle East war' is a proactive move by London to put all the pieces in place for a near-term war.

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- **New Jersey Town Meeting:**

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Threat of Mortgage-Backed Securities Collapse to the Big Banks

Jan. 14 (EIRNS)—Financial columnists were already working overtime, interviewing mortgage bankers and assuring readers that the landmark Jan. 7 Massachusetts Supreme Judicial Court ruling, that mortgage securitization has been done illegally on a vast scale, "would affect very little," at least outside Massachusetts. Mortgage-backed securities (MBS) are claimed to represent \$5 trillion in assets on the books of the four biggest U.S.-based banks alone. But in fact, their market value is unknown, and they would have collapsed entirely had not Bernanke's Federal Reserve bought and held \$1.25 trillion in MBS's at the banks' claimed face value.

Now the challenges to Wall Street's toxic MBS are multiplying. On Jan. 10 a coalition of public pension funds from six states, investors in both bank shares and MBS's, sent a letter to the biggest mortgage banks, telling them to investigate and change their mortgage practices. Financial columnists again went to work—on CNBC, for example, sneering that these particular pension funds could only pull \$6 billion out of the big banks' \$600 billion in core capital.

But on Jan. 13, there was another shot across the banks' bow on foreclosures. A more general grouping of MBS investors, called the Association of Mortgage Investors (AMI)—hedge funds, mutual funds, state pension funds, charitable endowments, etc.—issued a "white paper" proposing a settlement between the banks and the state attorneys general. The shift here is that up to now, in "foreclosuregate," MBS investor groups have stressed just one thing—get the foreclosures going again across the country, and speed them up. But the AMI's white paper referred to the "broken mortgage servicing model" and "equity for responsible borrowers, distressed homeowners, mortgage servicers and the mortgage investors." It supported principal forgiveness and "total debt realignment," i.e., modifying second mortgages along with the first, and said homeowners "are being victimized by the servicers' past and ongoing actions."

The Congressional Oversight Panel estimated in November, after the "foreclosuregate" scandal broke, that even moderate demands from investors that banks buy back their illegally issued MBS would wipe out the regulatory capital of the likes of Bank of America and crash them.

The plunge in U.S. housing values is now worse than in 1928-33. They have fallen for 53 straight months, by a total of 26-33% (according to the study) since their peak in June 2006, worse than the nearly 26% decline seen during the Depression years between 1928 and 1933. And home values—and MBS values—are expected to continue to slide as inventories pile up. There is evidence, for example, that foreclosures in Massachusetts have largely stopped since the Supreme Court's decision.

Bloomberg News quoted the New York Fed president, William Tracy, that the "worst case" could be another broad collapse of real estate and MBS values. Tracy cited the "growing incentive to default" among millions of homeowners, with 11 million homes underwater and 3 million more "near underwater" (out of 50 million mortgaged homes).

Pension Funds Go After Banks on Mortgage Fraud

Jan. 11 (EIRNS)—In the first publicly reported fallout of the precedent-setting Massachusetts ruling Jan. 7, invalidating foreclosures, Bloomberg News is reporting that a group of "public-sector pension funds" has now sent letters to four major banks—including Bank of America, Wells Fargo, CitiGroup, and JPMorganChase—demanding a "review" of foreclosure practices. Representing over \$430 billion in pension investments, the coalition of pension funds includes two funds from the embattled states of Illinois, six funds from New York, and retirement funds from North Carolina, Oregon, and Connecticut.

According to CNBC, the organizer of the effort was John Liu, New York City Comptroller for the New York City Pension Funds.

The letter to Bank of America, posted on the CNBC website, charges:

"Reports in fall 2010 of widespread irregularities in the mortgage and foreclosure processes at the nation's largest banks have exposed Bank of America Corporation to intensive legal and regulatory scrutiny. Despite management's assurance that the concerns are overblown and will be resolved quickly, preliminary findings by top federal regulators suggest that internal control failures at the banks are in fact widespread....

"As major institutional investors collectively holding 97.1 million of Bank of America common shares, with a December 31 market value of \$1.3 billion, we believe it is incumbent upon the Board of Directors to take immediate, independent action to restore confidence in the company's internal controls and compliance. Specifically, we call on the Audit Committee you chair to conduct an independent review of the Company's internal controls related to loan modifications, foreclosures and securitizations and to include a report to shareholders with findings and recommendations in the

Company's 2011 proxy statement."

Bloomberg news quotes the letter in its Jan. 9 story, identifying a "fundamental" flaw in the bank procedures, and quotes New York City comptroller John Liu stating that, "The banks' boards cannot continue to pretend the foreclosure mess is the result of technical glitches and paperwork errors. There is a fundamental problem in their procedures that endangers not just homeowners, but shareholders, and local economies." Portending a showdown, the pension funds are demanding that the banks "report their findings" to shareholders, in upcoming proxy statements.

The "coalition" of pension funds writing to BoA includes the following members: the Connecticut Retirement Plans and Trust Funds, the Illinois State Board of Investment, the Illinois State Universities Retirement Systems, the New York City Board of Education Retirement System, New York City Employees Retirement System, New York City Fire Department Pension fund, New York City Police Pension Fund, New York City Teachers' Retirement System, New York State Common Retirement Fund, North Carolina Retirement Systems, and the Oregon State Treasury.

Economic Collapse Equals More Homelessness

Jan. 12 (EIRNS)—This morning, the National Alliance to End Homelessness released its *State of Homelessness in America* report, the first of what it intends to be an annual series of reports tracking changes in homelessness at the national and state levels. The report documents the correlation between rising homelessness and the economic collapse, by tracking the changes that have occurred in the homeless population and certain economic measures from 2008 to 2009, using data for those years from a variety of Federal and state sources. Among the findings of the report are the following:

- * Conditions worsened among all four economic indicators examined in the report: housing affordability for poor people, unemployment, poor workers' income, and foreclosure status.

- * The number of officially unemployed increased from 8.9 million to 14.3 million, an increase of 60%.

- * Nearly three-quarters of all households with incomes below the Federal poverty line spend over 50% of monthly household income on rent. In Florida, Nevada and California, that figure is over 80%.

- * Real wages among poor workers dropped nationally by 2%.

- * Foreclosure affected nearly half a million more households in 2009 than in 2008, rising to 2.8 million foreclosures in 2009.

These economic factors help to explain the increase in homelessness. Overall, the homeless population rose by 3%, nationally, from 2008 to 2009. The largest percentage increase was in the number of family households, which increased by 4%. The doubled-up population, that is, people living with family or friends for economic reasons, increased by 12%, to more than 6 million people from 2008 to 2009. Nan Roman, president of the alliance, noted that states with the highest levels of economic distress had the highest increases in homelessness.

As bad as this picture is, it's likely to be worse for 2010, since the data in the report covers the early period in the so-called recession, before the state and local budget cuts started hitting hard. Homelessness is a "lagging indicator," Roman said, so homelessness is likely to continue increasing in 2010 and 2011, and it's likely to be worsened not only by economic factors but also collapsing state and local budgets. In response to a question from *EIR*, Roman said that the alliance is "very concerned" about the state and local budget situation, a situation which means that communities "are going to have to do much, much more with much, much less...."

Illinois Raises Taxes, Plans To Cut Spending

Jan. 12 (EIRNS)—Faced with an immense budget deficit, the state of Illinois today approved a 66% increase to the personal income tax and a 50% increase in the business tax, even though the revenue generated—about \$6.8 billion a year—is less than half of the projected \$15 billion budget deficit. To fill the remaining gap, the state intends to drastically cut spending further. Clearly, the only alternative for Illinois and other states to this insanity is to reinstate Glass-Steagall.

The tax increases were approved in close votes in both the state House and Senate. Gov. Pat Quinn is expected to sign the bill.

The hike increases the state's personal income tax rate from 3% to 5%. In real numbers, if your gross income is \$50,000 a year, your state income taxes will rise from \$1,500 to \$2,500 a year.

State Senate president John Cullerton (D) emphasized that the tax hike is only one portion of a solution to the state's budget crisis. The tax hike will be coupled with strict 2% limits on spending growth. If officials spend above those limits, the tax increase will automatically be cancelled.

Global Economic News

- [Hyperinflation on the Way, Spreading from Raw Materials Markets](#)

Hyperinflation on the Way, Spreading from Raw Materials Markets

Jan. 13—Way above the official "inflation rate" of 1.2% in Germany, prices of iron ore, other ores and metals, as well as fuels and mineral oil products, were up 14% in December, against the same month in 2009—prices reaching almost the peak level of December 2008. A far more alarming trend is occurring in cereals, feed grain, and seeds, where wholesale prices jumped by two-thirds in December 2010, against December 2009—although the usually cited "bad harvests" and Russian forest fires have definitely not caused a drop of world agricultural production by two-thirds; the reason for the price hikes is clearly something else—hyperinflation.

Lyndon LaRouche commented today: "Of course there's hyperinflation. They take waste paper, use it as a security, and then the interest rates go up, the charges go up—not necessarily the interest rates as such—but the amount of charges go up. So what do you expect? It's just financial inflation, plain financial inflation. Nothing else."

Bloomberg wires also report that "everyone from mining equipment makers to airlines, and even consumer electronics manufacturers, are entering the new year with new cost pressures, as well as new opportunities that a commodity bull market affords." Cotton prices almost doubled last year. Corn and wheat prices jumped about 50%. Keeping in mind that experts usually take 50% as the threshold from "normal" inflation to hyperinflation, the scene on the world corn market is already there—and one also has to take into account that almost 40% of harvested U.S. corn goes into biofuels, not to feed either people or livestock.

Copper reached a record last week, after gaining more than 30% last year and doubling the year before. And crude oil is near its highest level in more than two years. "The effect may soon be apparent in company results, as they show whether raw materials prices have hurt bottom lines," Bloomberg writes. So far, many manufacturers have kept the price of products about the same, but simply shrunk the package—a trick that won't work for too long. At the end of this road, sales

prices at the stores will have to keep up with "developments" on raw materials markets.

United States News Digest

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Coalition Says Strengthen Social Security, Don't Cut It

Jan. 15 (EIRNS)—A coalition of 215 labor and liberal interest groups is telling President Obama, and members of the Democratic Party who might be soft on the issue, that Social Security doesn't need to be cut. The Strengthen Social Security Campaign, led by the AFL-CIO, the Alliance for Retired Americans, the NAACP, and many other groups, points out that Social Security didn't cause the Federal deficit, and therefore, its benefits should not be cut, it should not be privatized, and the retirement age should not be increased any further.

Frank Clemente, campaign manager of the coalition, told *The Hill* that as a candidate for office, President Obama made very clear statements about Social Security: no raising the retirement age, no cuts in the cost of living adjustment. "Our campaign is looking for him to be as unequivocal in the State of the Union address. That's where the American people are." *The Hill* also reported that Senate Democratic Whip Dick Durbin (Ill.) and House Minority Whip Steny Hoyer (Md.) have expressed some agreement with the proposals of Obama's deficit commission to decrease benefits and raise the retirement age, although Senate Majority Leader Harry Reid (D-Nev.) said last week, on NBC's "Meet the Press," "Stop picking on Social Security."

Obama himself was described by a Democratic staffer as "murky" on the question, and rumors are rife that Obama plans to propose cuts to Social Security, among other austerity measures, in his State of the Union speech on Jan. 25.

Unions Can't Fight Austerity Without Glass-Steagall

Jan. 15 (EIRNS)—Because of the lack of leadership at the national level, states are turning to murderous austerity to try to solve their fiscal crises. Public sector trade unions are a particular target of this austerity drive, because they have acted historically to protect their members' wages and benefits. Now those wages and benefits are under attack from budget officials at both the state and the local level, because those officials believe in the accounting fiction that if wage and benefit costs are reduced, then they can balance their budgets.

The only real solution is the reimposition of the Glass-Steagall Law and emergency Federal aid to the states and municipalities to maintain essential government functions, but this is not what the unions that are under attack are fighting for. Instead, as reported in today's *Wall Street Journal*, unions are filing lawsuits to challenge cutbacks, and are offering their own ideas on how to cut the budget without cutting union wages and benefits. The union campaigns in Ohio,

Wisconsin, Florida, and New Jersey, will include phone calls and visits to union members, as well as demonstrations and meetings with elected officials. The goal is to get union members to convince state officials to oppose these measures and turn public opinion in their favor.

Cover-up Around CMS Euthanasia Regulation: What Are They Hiding?

Jan. 14 (EIRNS)—Something very irregular went on around Centers for Medicare and Medicaid Services Director Sir Donald Berwick's promulgation of a now-withdrawn regulation authorizing annual death-counseling for Medicare recipients. In attempting to find out what happened, *EIR* has encountered a very solid stone wall—and this from the Obama Administration, which had promised "openness" and "transparency" in agency rule-making.

In its Dec. 26 story disclosing that Section 1233, the euthanasia rule authorizing end-of-life counseling, had been secretly inserted into Medicare regulations published in November, the *New York Times* identified Rep. Earl Blumenauer (D-Ore.) and Sen. Jay Rockefeller (D-W.V.) as leading a group of Congressional Democrats who urged Berwick to have Medicare pay for end-of-life counseling. Blumenauer told the *Times* in an interview that he and Rockefeller had sent a letter to Berwick in August, demanding that "advance care planning" be included in the regulations. The *Times* also quoted from a Blumenauer e-mail to supporters, directing them to keep quiet about the death regulation, since "we aren't out of the woods yet," and the regulation could still be "modified or reversed" if the media or blogs learn of it—which, in fact, is what happened.

After two weeks of strenuous efforts, *EIR* has been unable to obtain the letter from either Blumenauer's or Rockefeller's offices, or from CMS itself, despite repeated requests to their respective press offices, and numerous phone calls and e-mails. That letter was apparently filed as part of the "public comment" process after the draft regulations were published in July, but the letter is not among the hundreds of "public comments" posted by CMS.

An apologetic CMS press officer told *EIR* on Jan. 12 that he had been unable to obtain the letter or any other information from his agency, and that *EIR* would have to file a request under the Freedom of Information Act.

Anticipating this response after the first week of requests, *EIR* had filed an FOIA request a week before.

What are they hiding?

Michigan Legislature Fixates on Balancing Budget

Jan. 10 (EIRNS)—The folly of debating how to balance the budget, when the entire financial system is disintegrating, was demonstrated when the top Democratic and Republican legislative leaders in Michigan appeared on WKAR-TV on Jan. 7. The state, whose legislature comes into session Jan. 12, and dozens of its municipalities, are facing dissolution, but still, the number one question on the minds of lawmakers was whether the budget can be balanced without raising new revenues.

State Sen. Randy Richardville, the leader of the Republicans in the Senate, declared, "We're looking to run the government like a business." Richardville, along with Republican House Speaker James "Jase" Bolger, promised that there is going to be "pain" for state employees and municipalities alike. Municipalities, which have already suffered tremendous drops in revenues, are likely to see more cuts from the state, as revenue sharing—whereby the state refunds its sales tax and gas tax revenues to cities and towns—will be reduced. Republicans and Democrats agreed that municipal bankruptcies are likely.

Camden Drug Dealers 'Salivating' over Police Layoffs

Jan. 10 (EIRNS)—The prospect of elimination of half the police force of Camden, N.J., has drug dealers salivating. Columnist Jeremy Rosen, writing in the Cherry Hill (N.J.) *Courier Post* yesterday, hit hard at Camden Mayor Dana Redd's plan to lay off half the police force. "If half of Camden's police force is laid off this year," he wrote, "the nation's second-most dangerous city will crumble."

Rosen noted that, in public, city officials downplay the effect of the layoffs; but in Camden's application for transitional state aid, city officials wrote, "It is anticipated that the reduction of sworn officers within our Police and Fire Departments will result in a severe public safety crisis affecting residents, workers and visitors." Rosen provides the evidence to back up that statement: "Convicted and current drug dealers tell me they're salivating at the thought of escalating business once Camden officers are let go and the now-solid police presence is diminished. Jumps in drug activity typically come with increases in violent crimes."

Ibero-American News Digest

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Hyperinflation Slams Ibero-America, Auguring Mass Protest

Jan. 14 (EIRNS)—As is the case internationally, hyperinflation, seen in the rising commodity prices globally, is hitting Ibero-American nations, auguring social protest and upheaval that have already begun in some countries. Look at the following:

* **Mexico:** The annual pace of food inflation more than tripled in November, compared to two months earlier. The flashpoint for social explosion is the rising price of the main staple in the Mexican diet, tortillas, being driven up by the 50% rise in the price of corn globally. Earlier this month, tortilla producers threatened a 50% price increase, and a panicked Calderon government, recalling that the 50% tortilla price increase in 2007 had sparked riots, opted to purchase corn futures to hedge against a possible shortage and further price increases, the first time a country, rather than a private company, has resorted to derivatives to "secure" food.

* **Brazil:** Food prices rose by 9% in 2010 (through November), well above the 5.9% inflation rate, which in any case, was the highest since 2004. And this is before the Central Bank is expected to raise interest rates, *already the highest in the world*, when it meets on Jan. 18-19. How high is high? The current benchmark rate is 10.75%, but the average interest rate for consumers in 2010 was 120%, and for businesses, over 56%!

* **Bolivia:** During the last week of December, President Evo Morales lifted subsidies on gasoline and diesel, causing those prices to soar by 73% and 83% respectively, and provoking similar increases in food and transportation costs. But the riots that ensued in several cities, including a general strike, and marches of miners and indigenous groups, forced Morales to rescind his decree on Dec. 31. In 2010, consumer prices rose by nearly 8%.

* **Chile:** Violent protests erupted this past week in the country's southernmost region of Magallanes, after free-marketeer President Sebastian Piñera ordered the elimination of subsidies on natural gas, increasing the price by nearly 17% in a frigid region which consumes large amounts of gas for heat. In the violent protest that ensued in Punta Arenas, two people were killed, and community and civic leaders shut down the region, including blockading all roads into and out of its cities. Piñera says the price hike stands, because sometimes governments "just have to do hard things."

Colombia: A Study in How Floods Become 'Unnatural' Disasters

Jan. 16 (EIRNS)—The official death toll in Brazil from floods and mudslides in the state of Rio de Janeiro now nears 650 people, with many still missing. In Colombia, 2.2 million people were displaced from their homes in December by severe flooding which wiped whole towns off the map. A dangerous portion of the world's food supply has been flooded in Australia. But the rains did not cause these disasters; responsibility lies with the monetarist policies of globalization, which treat human life as expendable.

Take the case of Colombia, which is privileged to be one of the richest nations in the world in water resources, with an average rainfall of 3,000 mm a year, as compared to the 900 mm global average. It has more than 1,000 permanent rivers (the entire African continent has under 100), and because of its mountainous terrain, its hydroelectric capacity is huge.

In 1970, only 40% of Colombia's population had access to electricity; 20 years later, by 1990, 80% were enjoying its benefits. In a period of 20 years, public investments in great hydroelectric complexes and an extensive system of reservoirs in the departments of Antioquia, Valle, Cundinamarca, and Boyacá, among others, had increased electricity generation by four and a half times, simultaneously fostering the development of private Colombian engineering companies participating in the public projects into world-class capabilities.

In this period, investment in electricity reached 30% of total public investment. Had that dynamic been continued, Colombia today would be a regional supplier of energy. And this Winter's millions of displaced would be safely living in their own homes.

Instead, the IMF, World Bank, et al., took charge in the 1990s. Foreign debt payments took priority over investment in hydroelectrical projects. New investment stopped, and the profitable sectors were auctioned off to multinational interests for a song, while the state absorbed the debts and kept unprofitable areas. Two decades worth of planned projects, many with their feasibility studies already done, were scrapped.

Merely typical of the projects ready to go under a new global credit system, is the multipurpose (electricity and irrigation) Upí river project in western Boyacá, which would provide 2 million kilowatts of installed capacity, create the country's largest reservoir (9.9 billion cubic meters), and irrigate 225,000 hectares in the Colombia's rich agricultural frontier, its eastern plains.

Argentina's Nuclear Program Has Bright Future

Jan. 17 (EIRNS)—In remarks made Jan. 9, Norma Boero, president of Argentina's National Atomic Energy Commission (CNEA), proudly reported that the country's nuclear program is making enormous strides, thanks to the political support and increased funding provided by the government of current President Cristina Fernández de Kirchner, and by her predecessor and late husband, President Néstor Kirchner.

In 2005, Néstor Kirchner announced his plan to revitalize Argentina's nuclear program, the oldest in South America, which had come under vicious assault in the 1980s and 1990s, especially from the 1989-99 government of President Carlos

Menem and his Finance Minister Domingo Cavallo. IMF toady Cavallo literally told CNEA's physicists and engineers to find jobs as dishwashers, as the country had no need of their skills.

Today, Boero reported, it is precisely that older generation of experts denigrated by Cavallo, which is guiding and supporting the CNEA's younger scientists and engineers as they work together to advance and consolidate the country's scientific achievements. Through efforts to dismantle the nuclear program, when it was denied funding and support, those older patriots never gave up. Often without pay, they cared for the machinery and technology that had been mothballed, looking toward a day when it—and they—might be needed again.

That day has come, Boero said, and Argentina's long-held insistence on its technological independence has paid off. It has reopened the Pilcaniyeu uranium enrichment plant, closed for 15 years, which will allow the country to enrich and reprocess uranium for current and future plants. Its nuclear medicine program is growing, such that it has been able to increase the production and export of radio-isotopes, while providing state-of-the-art imaging technology for Argentine patients.

Moreover, on Jan. 6, the CNEA announced that it had just completed the design and production of the first fuel element for the Pressurized Water Reactor (PWR). This is another key step toward the completion of the CAREM reactor, a modular reactor designed and produced entirely in Argentina. Currently, the Atucha I and II nuclear reactors use imported fuel elements, but all future reactors, including the CAREM, will use the nationally-produced fuel elements.

Today, students from all around South America, as well as from Europe, Asia, and Africa, are studying at Argentina's three top-notch scientific institutes—Balseiro, Sabato, and Beninson—all with a long history of scientific achievement.

Haiti One Year Later: Obama's Genocide

Jan. 12 (EIRNS)—On the one-year anniversary of the horrific Jan. 12, 2010 earthquake in Haiti, which killed 316,000 people, according to the latest estimates, the media are filled with stories of how slow the post-earthquake reconstruction has been, how millions are still homeless, sick, and suffering, facing a spreading cholera epidemic, and "several more years" before real improvement will be seen.

The culprits blamed for what everyone chooses to call a "challenging" situation, vary—corrupt government, corrupt NGOs, unwieldy international bureaucracies, etc., etc., but what no one dares say, is that the person most responsible for the *genocide* against the Haitian people is President Barack Obama. Very soon after the earthquake, Obama was presented with a policy for Haiti that would have worked—a deployment of the Army Corps of Engineers and affiliated agencies to help relocate the homeless and displaced out of hellish camps, to higher ground. Obama rejected that proposal and opted instead for genocide.

The result is well-known: At least 1 million people *still* "live" in wretched tent cities in Port-au-Prince, unprotected from the elements, lacking clean water, sanitation facilities, and food, and dependent on handouts for their survival, as an epidemic of that classic Malthusian disease, cholera, continues to *increase*, not slow down.

Western European News Digest

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Zapatero Told He Should Listen to LaRouche's Jan. 22 Webcast

Jan. 15 (EIRNS)— In the course of a 20-minute radio interview with *EIR*'s Dennis Small, which was broadcast last night on Spain's Radio Intereconomia, host Daniel Estulin picked up on Small's promotion of Lyndon LaRouche's upcoming webcast as the *real* U.S. State of the Union address, as opposed to Obama's Nazi policies. Estulin said that he would write Spanish President Zapatero an e-mail urging him to listen to that webcast, to learn what his government should do in the current global breakdown crisis.

BüSo's New Book Hand-Delivered to Merkel

Jan. 14 (EIRNS)—German Chancellor Angela Merkel addressed her Christian Democratic Union party's New Year's reception in Mainz yesterday, where a team from the Civil Rights Solidarity Movement (BüSo), the LaRouche movement in Germany, was distributing literature.

Encountering her outside the event, an *EIR* representative greeted her and gave her a copy of the BüSo's new book, telling her to go for a Glass-Steagall law ("two-tier banking system") and to protect Germany from the "English disease." The book is titled *Das Geheimnis der Wirtschaft: Lösung der globalen Systemkrise: Trennbankensystem und produktive Kreditschöpfung* (*The Secret of Economics: Solving the Global Systemic Crisis: A Two-Tier Banking System and Productive Credit Creation*).

EIR Challenges Trichet on ECB Bankruptcy

Jan. 13 (EIRNS)—Answering a question from *EIR*'s correspondent at today's European Central Bank press conference in Frankfurt, ECB President Jean-Claude Trichet said that the idea that the ECB could default is "absurd." *EIR*'s Claudio Celani had mentioned increasing concerns that the ECB, through its Assets Purchase Program, is becoming a European

"bad bank"—a toxic waste dump—and that the sudden decision to increase the ECB capital shows the risk of default.

Trichet denied that the capital increase was a sudden decision, and gave a long, sophisticated explanation of how it had been an option since 2008. Trichet refused to answer whether, should the EU governments refuse to expand the EU bank bailout fund, the threat of insolvency would become real, as a result of the ECB being left alone with the burden of bailing out banks.

The following day, several British, German, and Italian media reported the exchange.

ECB Discusses Glass-Steagall Universe

Jan. 13 (EIRNS)— In a clear response to EIR's Glass-Steagall campaign, the European Central Bank has posted a paper discussing whether the elimination of Glass-Steagall led to increased defaults in securities. The article concludes that this has been the case, but that the repeal of Glass-Steagall is not being questioned. The problem can be fixed with "more supervision," they claim.

The ECB posting includes a disclaimer: "This working paper should not be reported as representing the views of the European Central Bank (ECB). The views expressed are those of the authors and do not necessarily reflect those of the ECB."

Expert Predicts Anarchist Terror Wave

Jan. 11 (EIRNS)—A senior European security source told *EIR* that the anarchist-inspired terrorism now taking place in Greece and Italy, will spread throughout Europe and will eventually eclipse so-called al-Qaeda terrorism. These will be more unpredictable and more dangerous than the Red Brigades, the Baader Meinhof, and the terror groups that were active in the last three decades of the last century. The new anarchist groups consider all political currents as potential enemies and appropriate targets, including high-level politicians; therefore, they are easily manipulated by "interested groups," the source noted.

The source is very familiar with the name Alfredo Bonanno, the 74-year-old "insurrectionary anarchist" and "theoretician" who was arrested in 2009 for a bank robbery in Greece. He said Bonanno has contacts in Greece, Italy, France, and Switzerland, where he has the support of Andrea Stauffacher and her Secours Rouge organization.

Memorial for T-4 Euthanasia Victims Inaugurated

Jan. 11 (EIRNS)— With speeches and a wreath-laying ceremony, the cornerstone for a new memorial that will commemorate the victims of the Nazis' Tiergarten-4 mass euthanasia program was laid Jan. 10 in the city of Brandenburg/Havel. The "tool room" at the former prison there, which was turned into a gas chamber, the first of its kind in the T-4 context, served as the testing site in January 1940 for the euthanasia program, which eventually killed 9,000 at this site alone, and up to a quarter-million more at numerous other extinction sites, often masked as "psychiatric clinics," between January 1940 and May 1945.

Dr. Astrid Ley, the director of the memorial project, noted that the first test-run of gassing victims 71 years ago, was attended by top Nazi "health" officials such as Dr. Klaus Brandt and Dr. Leonardo Conti, who personally oversaw the murder of the first "test persons" there, of whom not even their names are documented.

Irish Scandal Could Lead to Early Elections

Jan. 10 (EIRNS)— A scandal hitting Irish Prime Minister Brian Cowen might very well bring his hated government down and open the way for new elections. With a revolt among his back benchers, and his own party's parliamentarians seeking early retirement rather than face humiliation at the next elections, Cowen is now accused of having ties to former Anglo Irish Bank chief Sean FitzPatrick.

These ties were revealed in the *Irish Times*, Jan. 9, which ran excerpts from a forthcoming book, *The FitzPatrick Tapes*, in which FitzPatrick speaks of social encounters, including dinners and golf games, between the two men as recently as July 2008.

Anglo Irish Bank received huge government bailouts, starting in 2008, then came under state ownership in June 2009.

Greek Unemployment Increases 39%

Jan. 14, (EIRNS)—The destruction of the Greek economy by the European Union's austerity demands is dramatically exposed by a 39% increase in unemployment; hardest hit are youth aged 15-24, with an unemployment rate of nearly 35% in October 2010, up from over 27% in October 2009. In the 25-34 age bracket, unemployment shot above 18% from 12.6% in that time period, and for the 35-44 age group to 11.5% from 8.0%.

Tractor Sales Fall in France, Britain

Jan. 14—In France, in 2010, the number of new tractors sold fell by over 21% from the year earlier. Xavier Beulin, the new head of the farmers union FNSEA, reports that every year, France is losing 70,000 hectares of valuable farm land.

In Britain, annual tractor sales for 2010 ended up 11% lower than for 2009, according to the Agriculture Engineers Association.

Portuguese Government Crisis Looms

Jan. 11 (EIRNS)—Rumors that Portugal is being pressured by the European Union to negotiate a bailout like those that were forced on Greece and Ireland, are precipitating a government crisis. While Portuguese Prime Minister José Socrates continues to deny that this country is being pressured into a bailout, the opposition Social Democratic Party is demanding his immediate resignation if the rumors are true.

Tony Blair: Nazi NICE One of My Most Important Successes

Jan. 11 (EIRNS)—President Juan Manuel Santos of Colombia reported in a speech on Colombian health reforms on Sept. 21, 2010, that he had asked former British Prime Minister Tony Blair, when Blair visited him as President-elect last June, "what were the most important things that he had done in his ten years in power. And he told me that the creation of something called NICE [National Institute of Health and Clinical Excellence], which is an institute which controls, which oversees, the prices of medications and some of the health system, was among the important things which he had done."

NICE, of course, is the notorious Nazi rationing system Blair put in place, a system which is President Barack Obama's direct model for his deathcare system.

Russia and the CIS News Digest

Victor Ivanov: Serious Measures Could End Afghan Dope Trade

BP Eyes Arctic Through Russian Connection

Victor Ivanov: Serious Measures Could End Afghan Dope Trade

Jan. 13 (EIRNS)—Illegal drug production from Afghanistan must be declared a threat to international peace and security, Victor Ivanov, director of the Russian Federal Service for Drug Control, said today in Baku, capital of Azerbaijan. He and Azerbaijani National Security Minister Eldar Mahmudov presented a plan not only to eradicate opium, heroin, and hashish production and trafficking, but also to break up the huge drug cartels running the dope trade. "We propose declaring the phenomenal production of drugs, a threat to international peace and security, just as piracy in the Gulf of Aden was qualified. More than 1 million people have died of Afghan drugs over the past decade, and the fact that it is still not considered a threat to world security is inadequate. We call upon all countries to support a vote on this issue in the UN Security Council. The CSTO [Collective Security Treaty Organization] has made a decision to submit this proposal for the UN Security Council," Ivanov said at a news conference, as reported by Azerbaijani news services.

NATO reports that 123,000 hectares of land are planted with opium poppy, Ivanov said. He called for "nationalizing" these poppy fields, Voice of Russia reported. "We also propose making a list of landowners on whose lands opium is cultivated. Names of those people are unknown today, and farmers who sow and gather the opium, perform slave labor and receive only \$60 a year for the whole family." Farmers could grow food, which would also reduce Afghanistan's total dependence upon imports from Pakistan. If the world takes these measures seriously, the problem might well be solved already by 2013, Ivanov said. Russia and Azerbaijan signed an agreement to fight drug trafficking. "The problem of our countries is that a phenomenal amount of drugs is produced in Afghanistan. For Azerbaijan, the biggest problem is cannabis, which is brought into the country via Iran. We intend to further intensify the cooperation with Iran in solving this problem," he said.

Yesterday, Ivanov announced that Russia had arrested 93 members of a major drug-trafficking group in the southern Ural republic of Bashkortostan. The 200-member gang not only imported drugs, but also ran money laundering, Ivanov noted: "The money received from illegal drug turnover was actively invested in legal business."

BP Eyes Arctic Through Russian Connection

Jan. 17 (EIRNS)—BP (British Petroleum) and the Russian state-owned oil company Rosneft have announced a major asset swap and joint venture for the Arctic Ocean shelf. The deal comes despite BP's abysmal record, with last year's Gulf of Mexico spill and ongoing friction in its other large joint venture in Russia, TNK-BP. The swap involves Russian acquisition of a 5% stake in BP for \$7.8 billion. A new Arctic Institute is to be established to bundle efforts for joint exploration of Arctic oil and gas resources in the Kara Sea, —for which Rosneft already holds a concession from the Russian government.

Southwest Asia News Digest

Barak Quits Labor Party To Save Netanyahu; War Danger Escalates

Kadima Leader Livni Calls for New Elections

Protesters in Jordan Demand Prime Minister Resign

Turkey Plans 18 Transborder River Dams To End 'Water Wars'

Barak Quits Labor Party To Save Netanyahu; War Danger Escalates

Jan. 17 (EIRNS)—Israeli Labor Party leader and Defense Minister Ehud Barak has left the Party, along with four other Labor Members of the Knesset, so that he can stay in the coalition government of Prime Minister Benjamin Netanyahu. Israeli sources have told *EIR* that Barak had coordinated the operation with Netanyahu (Likud party) and that the operation was not only "politically ugly," but that it has also created a very "dangerous" situation, raising the chances of war in the region.

Netanyahu's office told the daily *Ha'aretz* that Barak's decision to split the Labor Party was done in full cooperation with Netanyahu. "The procedure was carried out like an elite General Staff operation," Netanyahu's aide told *Ha'aretz*. Soon after, Netanyahu applauded Barak's move, saying, "The government has grown much stronger today ... and this is important for Israel. The whole world knows, and the Palestinians know, that this government will be around for the next few years, and that it is with this government that they should negotiate for peace." His message was seen as being directed at Washington, even more than at the Palestinian Authority.

Ha'aretz reports that Barak and Netanyahu started planning the move after it was revealed that senior Obama Administration officials (most likely Secretary of State Hillary Clinton's faction) had told *Ha'aretz* that the Administration was enraged at Barak for having misled them for a year and a half about his persuasive powers with Netanyahu. His split from Labor is apparently his answer.

On Jan. 11, the three Labor Party ministers and the rest of the Labor Knesset faction left the government. Upon handing in his resignation, former Social Affairs Minister Isaac Herzog denounced Barak, saying the Labor Party has finally "got rid of a hump on its back. Barak's masquerade is over."

Former Minister for Minority Affairs Avishay Braverman, in announcing his resignation, also denounced Barak, saying he was simply joining Netanyahu's Likud party, "Barak is splitting from the Labor Party to become Likud B, if all goes well or Lieberman A in the worst case." His reference is to fascist Foreign Minister Avigdor Lieberman of the Ysrael Beiteinu party.

Industry Minister Binyamin Ben-Eliezer also resigned, and will become temporary head of the Labor Party. He attributed his resignation to his commitment to the peace process, saying that "the peace issue is existential for the State of Israel." He added that the late Prime Minister and Labor Party leader Yitzhak Rabin "is rolling in his grave."

Barak took four other Labor Party members with him, in the split, including Deputy Defense Minister Matin Vilnai. According to Knesset rules, as long as he has a caucus of five Knesset members, he can stay in the government, as he has decided to do. His new party will be called Atzmaut, or Independence.

The Labor Party now has eight seats in the Knesset. The Meretz party, which has three, has called on Labor to form a caucus around a social democratic perspective. With the loss of these seats, Netanyahu's coalition still has 63 Knesset members out of a total of the 120 in the Knesset.

Kadima Leader Livni Calls for New Elections

Jan. 17 (EIRNS)—Israel's Kadima party chairwoman and leader of the opposition, Tzipi Livni, issued a call for new elections, following Ehud Barak's resignation from the Labor Party. "The Netanyahu government has lost its legitimacy today and is living off small political maneuvers," she said. Kadima is reiterating its call for elections.

While Barak's defection does give Netanyahu added leverage, particularly with an Obama Administration that had banked on the Minister of Defense to be a channel of war-avoidance, there is also some truth to Livni's claim of a loss of legitimacy. According to one senior U.S. intelligence source, the Netanyahu government has, indeed lost significant popular and institutional support, over the failure to achieve anything other than the collapse of the peace process. The source noted that senior retired Mossad officials, now associated with Kadima and Labor, have been regularly meeting to discuss Israel's national security interests, and the two parties continue to maintain quiet channels of negotiation over a possible challenge to Netanyahu. "The next 90 days will be critical," the source concluded. He added that Barak shares Netanyahu's view of the Iran threat, and that this was a crucial factor in Barak's defection from Labor.

Protesters in Jordan Demand Prime Minister Resign

Jan. 15 (EIRNS)—In what is being described as a "day of rage" 5,000 Jordanians demonstrated throughout the country, demanding the resignation of Prime Minister Samir Rifai, because of high prices for bread and foods. Security forces deployed but made no arrests. In response, King Abdullah, the real power center in the country, ordered prices and taxes on some foods and fuels to be slashed. The government has already allocated \$225 million in the 2011 budget to subsidize prices for bread and other staples, and will use the same funds to cut fuel prices, and create jobs.

Turkey Plans 18 Transborder River Dams To End 'Water Wars'

Jan. 11 (EIRNS)—The Turkish government is determined to put an end to the British geopolitical game of fomenting water wars in the Middle East, by building no fewer than 18 dams on rivers traversing its borders. Unnamed Turkish officials told *Zaman* of Jan. 11 that the dams will provide water, flood-control, and electricity for Turkey, and will be constructed in cooperation with Iraq, Syria, Iran, Georgia, Bulgaria, and Greece, which all share borders with Turkey.

The foundation for the first dam will be laid on Jan. 31 across the Orontes River, known as the Asi River in Turkish, which flows from Syria to Turkey. The ceremony will be attended by Turkish Prime Minister Recep Tayyip Erdogan and Syrian President Bashar al-Assad. Turkish and Syrian authorities believe the project should put an end to speculation about a war between the two countries over depletion of water resources, and will have far-reaching positive effects in the long run.

Turkey also plans to construct 14 dams on its frontier with Iraq, primarily on the Euphrates and Tigris rivers, to provide water and electricity for Turkey and Iraq.

The prime ministers of Turkey, Greece, and Bulgaria are expected to meet in March to discuss the construction of various dams, including on the Maritsa and the Tunca rivers.

The dam planned by Turkey and Iran on the Aras River includes the construction of thermal and hydroelectric power plants, which are expected to generate 16,000 MW of electricity each month.

Georgia and Turkey agreed in November 2010 upon a dam on the Kura River, which, again, will include a hydroelectric power plant, with the electricity to be shared by the two countries.

Turkey also plans to complete the Ilisu Dam on the Tigris River in the near future, a hydroelectric project which is one of the largest undertakings of the Southeastern Anatolia Project (GAP). Syria has objected to construction of the dam in the past, but now welcomes it, as it should end water shortages in the Summer months.

The GAP is one of Turkey's most ambitious infrastructure projects, modeled on the famous Tennessee Valley Authority. Begun over 20 years ago, the GAP envisions 22 dams, to provide 7.4 GW of electricity, water management, irrigation, and flood control. Located in southeastern Turkey, the project covers 10% of the country's land area, and 20% of its arable land. The project calls for the development of infrastructure of all types required for integrating the entire region, including transportation, power, schools, etc.

Asia News Digest

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Biden's Visit to Pakistan Exhibits Poverty of Obama's Policy

Jan. 12 (EIRNS)—Vice President Joe Biden's six-hour visit to Pakistan, under intense security, is a clear signal that the United States' Pakistan policy is non-existent. What the Obama Administration has adopted instead is an ad hoc, or knee-jerk, policy towards that country.

There is no gainsaying that Biden is the toughest talker within the Obama Cabinet. He went to Pakistan to tell the Pakistanis a number of things that he believes should be attended to: Pakistan must exert more efforts to eliminate the insurgents that are sheltered inside Pakistan and are fighting the U.S./NATO troops; Pakistan must take note of growing militancy, Biden pointing out that "societies that tolerate such actions wind up being consumed by those actions"; that "the U.S. was not against Islam but would continue to take action against extremists holed up in the tribal areas of Pakistan"; and that U.S. policies do not favor India and "seek to weaken or dismantle" Pakistan.

In return, according to Geo News, a channel close to the Pakistani military and foreign office told the U.S. VP that Pakistan will not tolerate a U.S. "great game" in the region, and secured the promise that "no U.S. boot will tread on Pakistani soil, and there will be no violation of Pakistan's sovereignty and territorial integrity."

What has not been reported yet, is whether any discussion took place on Islamabad's outing of the CIA station chief last December. On Dec. 18, CIA station chief Jonathan Banks was forced to flee Islamabad, after a journalist, Karim Khan, brought a case to court, accusing Banks of killing Pakistani civilians. Pakistan's Inter-Services Intelligence (ISI) denied the U.S. charge that Pakistani intelligence was involved in unmasking Banks's identity. However, the situation is such that the U.S. cannot have a CIA information-gathering operation inside Pakistan. With the war raging along the Afghanistan-Pakistan borders, it does not look good for the United States to have its intelligence-gathering capability inside Pakistan severely curbed.

Philippines LaRouche Society Builds 'Save the Nation' Movement

Jan. 9 (EIRNS)—As the financial bailout of banks in the West begins driving hyperinflation in the Philippines, Butch Valdes, the head of the Philippines LaRouche Society, reports that a new movement, "Save the Nation" (SANA), has been born, as a coalition of individuals and institutions, based on a common dedication to three necessary steps: a new "green revolution" in agriculture; restoration of the mothballed Bataan Nuclear Plant and the building of other nuclear plants; and a moratorium on the usurious and illegitimate foreign debt. The initial Declaration has been signed by The Filipino Inventors Society; the president of the Philippine Society of Mechanical Engineers; the president of the Institute of Integrated Electrical Engineers; the president of a national broadcasters association; an association of science journalists; the Philippines Atoms For Peace group; the Philippine Chamber of Commerce Foundation; and the Philippines LaRouche Society.

The Declaration begins: "As the whole world experiences the ongoing and rapid disintegration of the global economy and financial system, and despite ample warnings by the LaRouche Movement, a negligent government, incompetent economic managers, and a confused population helplessly look on as prices of all commodities begin to spiral. As economic policies of import-liberalization, privatization, and deregulation, as well as our transformation to a 'service economy' relying heavily on exporting domestic helpers, rather than developing agro-industries which generate employment, have proven to be the means to destroy our society's ability to survive as a nation."

China-Myanmar To Rebuild Stilwell Road Link to India

Jan. 11 (EIRNS)—Myanmar has finally awarded a contract to rebuild a vital 312-km section of the historic Stilwell Road, which will link southwest China to India. On Nov. 22, the government in Naypyidaw, the capital of Myanmar, gave China's Yunnan Construction Engineering Group and the Myanmar Yuzana Group, the contract to rebuild the section of the road from Myitkyina in Myanmar, to the Pangsau Pass on the India-Myanmar border, the *Indian Express* reported last week. The road will benefit the entire region.

The road, 1,736 km in length, was built during World War II, linking Ledo, in Arunachal Pradesh, India, to Kunming, in southwest China, through extremely rugged terrain. After 1942, the road provided the only overland route to supply the Kuomintang armies based in Chongqing. After the war, the road was not used, and whole sections in Myanmar have disappeared.

China has already rebuilt the 640-km stretch inside China, and linked it to the national highway network.

Myanmar's government had approached New Delhi on the project in 2008, but finally decided to award the contract to China. In any case, the road will also benefit India greatly, expanding access to the landlocked Northeast. From Partition on, that area of India lost access to the nearest port, Chittagong, to Bangladesh, although in the past two years, Bangladeshi Prime Minister Sheikh Hasina has been promoting expanding road, port, and rail links with India, China, and Myanmar.

Despite continued border issues between China and India, over Arunachal Pradesh, building this direct road link will greatly benefit both nations. The *Asia Times* today quoted Mahesh Saharia, chairman of the Northeastern Initiative of the Indian Chamber of Commerce, calling the benefits of reopening the Stilwell Road "unimaginable." The new road could cut transport costs between China and India by 30%, Saharia said. "It takes seven days for cargo to move by road from the northeast to Kolkata, then around three to four weeks to move by sea to China," he said, but cargo from the northeast could reach Yunnan in less than two days, via the new road.

Japanese, South Korean Industries Spurn Carbon Trading

Jan. 13 (EIRNS)—South Korean and Japanese firms are fiercely opposed to carbon trading. The Federation of Korean Industries said Jan. 11 that starting carbon emissions trading in 2013, as proposed, would add to the cost of doing business, and put the country at a disadvantage, unless Japan and China were to do the same. Keidanren, Japan's largest business lobby, said 61 of 64 companies that responded to a survey in September opposed introducing carbon trading.

"The U.S. reluctance to embrace emissions trading might easily spread to Asia," said Georgina Edwards, an analyst at Bloomberg New Energy Finance in London. "They're almost like dominos at this stage."

Bloomberg complains that the businesses are opposing an "emission markets worth a potential \$212 billion by 2020." However, some in Japan and South Korea realize that the billions go to the speculators, not for production or products to be used by the people.

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