

EIR Daily Alert Service

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EDITORIAL

How To Create a Manufacturing Superpower—Making America Great Again

Oct. 12 (EIRNS)—Today’s Editorial is abridged from the lead on LaRouchePAC’s homepage, by *EIR*’s Robert Ingraham and Brian Lantz.

President Donald Trump has been very clear that he is determined to turn (or return) America to the status of a manufacturing superpower. It seems obvious that he will pursue this goal aggressively in his second term. Such a commitment is certainly an urgent necessity following the COVID shutdown.

The question before us is how to make this intention a reality. To contribute to that discussion, we focus our attention on a 2002 article by Lyndon LaRouche, “[Special Report: Science and Infrastructure](#),” with the hope that it will aid in providing a clear orientation to those engaged in the current debate.

Any effective approach in attempting to reverse the economic devastation of the last 30 years must begin with Physical Economy. What is required is to identify those initiatives and interventions which will produce an escalating increase in the productivity of the physical economy,—not increases in “monetary” productivity, but a sustained growth in what Alexander Hamilton defined as “Labor Power.”

Much of the well-intentioned discussion of rebuilding America’s manufacturing capabilities lacks scientific rigor. Physical Economy is a science, grounded in mankind’s increasing mastery over nature, through the inventions, discoveries and interventions over millennia. Lyndon LaRouche’s 2002 paper provides the precise remedy to our current ills and the proper orientation toward what must be done.

In that paper LaRouche defines what he calls the Three Key Elements of economic recovery: 1) Basic Economic Infrastructure, 2) Economic Entrepreneurship, 3) Culture. LaRouche draws a parallel between these

Three Elements and the three Leading Principles of the U.S. Constitution: 1) Sovereignty, 2) the General Welfare, 3) Posterity. Thus, our sovereign government has both the authority and the responsibility to undertake key economic initiatives for the betterment of the people and future generations.

Rudiments of a Proper Approach: What is required today is a rebuilding of U.S. manufacturing capabilities in-depth. The reality of manufacturing is that any advanced productive enterprise depends on a supply chain of related, supportive manufacturing, machine tool and related industries. Industry is an integrated whole.

Within such an orientation the importance of infrastructure is located. Infrastructure projects perform two vital functions. First, such projects play transform the nation's productive potential through improving and expanding energy, transportation, water, communications, health care and other components of the underlying economic platform. At the same time, large-scale infrastructure projects have the effect of "calling new manufacturing into existence." Through government contracts, sub-contracts, Public-Private Partnerships and other incentives, entrepreneurs in the private sector are provided the opportunity to establish or expand a multitude of productive enterprises. Infrastructure projects also provide the context to train a new, youthful and expanded productive workforce.

One cannot simply snap one's fingers to conjure new manufacturing plants, especially today, when the nation's banking and financial institutions are diverting available credit into various financial investments and monetary speculation. Yet, even if investment capital and willing entrepreneurs are available, Is there a market for this production?

Major infrastructure investments tend to be long term and provide stability and trust for those contemplating private investment in new endeavors. If such projects also include some form of "Buy in America" guidelines, it will add security to participants. In essence, Hamiltonian government initiatives will catalyze creation of new companies, new projects and new innovations.

What Comes First: President Trump's stated goal to rebuild American manufacturing can not succeed without a significant increase in U.S. electricity generating capacity. As of 2020 America does not produce enough electricity to support our 1970s manufacturing. The new industries are likely to require higher amounts of electricity and water. A sane energy policy will emphasize nuclear, including modular nuclear reactors. It will also necessitate a major upgrading of the electricity grid.

The same approach needs to be taken with both water and transportation. If President Trump wants to increase manufacturing, "re-shore" factories, and rebuild supply chains, then how much more electricity is required? How much more water? What upgrades in transportation over 20-40 years? Population growth must also be considered.

President Trump's goal to rebuild American manufacturing must have a significant increase in electricity generating capacity.

The Necessity of a Science Driver: In addition to LaRouche's Three Key Elements of economic infrastructure, economic entrepreneurship and culture for recovery, throughout his life, LaRouche extensively stressed the subject of a Science Driver.

What is required for continuous human advancement are not simply revolutions in technology but profound and far reaching discoveries in the frontiers of science, new discoveries in the nature and ordering of the universe. Today, an accelerated Artemis Moon-Mars project and space exploration should be a priority. Colonizing the Moon, going on to Mars, will require revolutionary technologies, which spin off into the civilian economy. Our discoveries in space exploration will overthrow currently accepted axioms about the universe, and pose new challenges leading to history-changing new discoveries.

The same is true about thermonuclear fusion research, fundamental science that has been starved for funding for decades. Other research, in medicine and optical bio-physics should be high in our priorities.

Financing: The sovereign U.S. government possesses awesome Constitutional power to finance all of the required components of a sustained economic Renaissance. Recently, in combatting the coronavirus pandemic, President Trump has made use of Defense Production Act to force increased manufacture of urgent medical goods. He also initiated Operation Warp Speed to accelerate the discovery of a vaccine. His partially successful use of tariffs to “re-shore” U.S. manufacturing is also of note.

The sovereign economic power of the U.S. government, however, goes far beyond what has been done. In this regard, it is very useful to look at the Reconstruction Finance Corporation (RFC) from 1933-1945 as a paradigm.

The RFC’s initial capital came from \$500 million in stock sold to the U.S. Treasury, and additional funds came from selling bonds to the U.S. Treasury and some directly to the American public. The RFC borrowed \$51.3 billion from the Treasury, from which it made loans of \$38.5 billion (about \$750 billion in 2020 dollars), directly to individual businesses and industries: \$201 million of capital and loans the Export-Import Bank for exports; it made loans to the Public Works Administration and the Works Progress Administration, disaster loans, and state and local governments. The Reconstruction Finance Corporation repaid all its debt to the U.S. Treasury. RFC’s huge productive accomplishments cost the American government not one red penny.

U.S. POLITICAL AND ECONOMIC

Sen. Ron Johnson Denounces ‘An American Coup Attempt’ Against President Trump

Oct. 12 (EIRNS)—On Oct. 8, U.S. Sen. Ron Johnson (R-WI) identified and denounced what he titled “An American Coup Attempt” against President Donald Trump, and warned that there was little time to expose this before the Nov. 3 election, in an opinion piece in the Oct. 8 *Wall Street Journal*. Americans should heed his advice.

Senator Johnson, Chair of the Senate Homeland Security and Governmental Affairs Committee, in his “Opinion” article warned Americans that there was little time to expose the effort to overthrow Trump, which began even before his election, by certain officials in the permanent bureaucracy. These “subordinate officials” do not see themselves as answerable to the President, Johnson writes, but have actually established a bureaucracy which is accountable to no other branch of government—and, it’s permanent.

Senator Johnson identifies the first public display of insurrection as the leaked transcripts of President Trump’s phone calls with then-Mexican President Enrique Peña Nieto, Jan. 27, 2017, and Australian Prime Minister Malcolm Turnbull the next day. Senator Johnson reports that the Trump Administration was hit with 62 leaks that may have compromised national security in its first 125 days, compared with 9 such leaks George W. Bush and 8 under Obama. In 2019 a self-styled whistleblower leaked details of President Trump’s phone call with Ukrainian President Volodymyr Zelensky, and this fueled calls for Trump’s impeachment in December.

Johnson cites many actions against Trump by corrupt elements within the FBI and other agencies within the intelligence community using their power to sabotage the administration. One cited is the Ukraine whistleblower’s attorney, Mark Zaid, who tweeted in January 2017, “#coup has started. First of many steps. #rebellion. #impeachment will follow ultimately.” Many journalists either abetted these attempts to bring down Trump, or have remained silent. Senator Johnson praises former House Intelligence Committee chairman Devin Nunes and newly-appointed Director of National Intelligence John Ratcliffe for working to declassify important information.

Credit for Productive Projects Can and Should Replace ‘Relief’ and ‘Stimulus’

Oct. 12 (EIRNS)—When Speaker Nancy Pelosi ordered Democrats to reject the White House’s \$1.8 trillion “stimulus” offer, and a large passel of Senate and House Republicans told media they won’t support it, Pelosi’s

strategy of preventing a bill from passing before Election Day appeared to hold. But with 25 million Americans receiving unemployment benefits and tens of thousands of businesses closed or on greatly reduced operations, such “relief” or “stimulus,” if passed, would no more facilitate economic recovery and progress than did Barack Obama’s “Stimulus Act” of 2009. They are similar: hundreds of billions to states and cities to rehire laid-off public workers and fix potholes, etc.; relief bonus checks to households, the majority of which will save every dollar they don’t absolutely have to spend; more or less generous unemployment benefits; and if Pelosi’s demands were to prevail, superfluous categories of spending (much like Obama’s 2009 “green technologies” spending) which will not affect productive employment at all.

But \$1.8 trillion is the amount of the Treasury’s cash on hand to spend, waiting for such a bill to pass! It has been waiting months. Economists Pam and Russ Martens publicized one aspect of this in their Oct. 9 “Wall Street on Parade” column: The Treasury, under the CARES Act, put up roughly \$350 billion to “back up” the Federal Reserve’s so-called “Main Street Lending Facilities,” supposed to buy state and city infrastructure bonds, lend to businesses to hire and retain workers. But the Fed didn’t CARE to do any of that; it was concerned only to throw trillions in money-printing at Wall Street markets and Wall Street banks’ reserves.

Add to this, that the U.S. Treasury was able to issue huge amounts of bonds since March, and has been collecting more Federal taxes through the Spring and Summer than it expected to receive.

Thus this nearly \$1.8 trillion is held at the Federal Reserve—the Treasury’s bank. To wait for a Congress to agree to throw it into “relief” spending is to throw away credit for recovery and rebuilding a productive, high-technology industrial economy. If the Federal Reserve were made to function as a national bank—or more exactly a Reconstruction Finance Corporation—it would be lending a large part of this credit to agencies with productive and scientific projects, to the Ex-Im Bank and other international project agencies of the United States, etc. Treasury would be

lengthening the maturities of the funds it has borrowed this year, by replacing bills with new notes, notes with new bonds.

President Abraham Lincoln said in an 1840 speech about America's national banks, "The [National] Bank was permitted to, and did actually loan [public revenues] out to individuals, and hence the large amount of money annually collected for revenue purposes, which by any other plan would have been idle a great portion of time, was kept almost constantly in circulation." Lincoln was only hinting at a Hamiltonian National Bank's larger capacity—to use the Treasury's ability successfully to issue debt to the public, to create larger volumes of *credit* for productivity and productive employment.

This shows the essential, leading contribution of U.S. dollar credit in launching a New Bretton Woods credit and monetary system by agreement with major powers China, Russia and India—the leading American role constantly stressed by Lyndon LaRouche in his calls for such a New Bretton Woods. This change in mandate of the Federal Reserve could be made on an emergency basis by the President and Treasury, and followed up with Congressional legislation spelling out that mandate.

It will have been a terrible waste of the U.S. and world economy if such capacity to issue new Federal debt is not used to invest in high-productivity infrastructure and scientific-frontier projects, both in the United States and in developing nations.

Joint Chiefs of Staff Chairman Insists There Is No Role for Military in Election Disputes

Oct. 12, (EIRNS)—Chairman of the Joint Chiefs of Staff Gen. Mark Milley made clear during an interview with NPR, first posted last night, that the U.S. military will have no role in resolving any disputes that might arise out of the Nov. 3 election. "If there's a disputed election, that'll be handled by Congress and the courts," he said. "And I'm quite confident that that will be the case this time around, as it has been several times before. This isn't the first time that someone has suggested that there might be a contested election. And if there is, it'll be handled appropriately by the courts and by

the U.S. Congress. There's no role for the U.S. military in determining the outcome of a U.S. election. Zero. There is no role there."

More Wars, Fewer Defense Jobs—Clinton

Oct. 12—President Donald Trump can use the “timely” article by Hillary Clinton in the November/December 2020 *Foreign Affairs* published last week. She’s apparently auditioning for Defense Secretary; and she says, “No one should pretend that every defense job can be saved or replaced. Cutting hundreds of billions of dollars in military spending over the next decade will inevitably inflict a painful toll on families and communities across the country.” So vote for Joe.

STRATEGIC WAR DANGER

As Trump Pushes for Pre-Election Nuclear Arms Agreement, U.S. and Russian Envoys Met in Helsinki

Oct. 12 (EIRNS)—U.S. President Donald Trump is pushing to get a nuclear arms agreement with Russia that both President Trump and President Vladimir Putin could sign before U.S. elections on Nov. 3, David Lawler reported for Axios on Oct. 9. The United States believes the prospective deal would be acceptable to Russian President Putin, and, both Presidents have discussed an arms control deal in phone calls. The deal could be negotiated in as little as a week, a source familiar with their discussions told Axios. While the Russians have not openly voiced such optimism, or publicly indicated they are willing to engage in expedited negotiations, election pressure has given rise to some optimism.

The agreement, Lawler wrote, would involve freezes on both countries’ stockpiles of nuclear warheads, as well as a framework for a future multilateral arms control treaty.

Putin wants to extend New START for five years, and so does Biden, Lawler reports. But Axios reports that Trump’s arms control envoy Marshall Billingslea has said the administration is only interested in extending New START in conjunction with a parallel agreement on the

future of arms control. Whatever the status of the deadlock, the Russian and U.S. national security advisers Nikolai Patrushev and Robert O'Brien met in Geneva on Oct. 2, and on Monday, Oct. 5, there was the hastily arranged meeting between Billingslea and Russia's Deputy Foreign Minister Sergei Ryabkov in Helsinki.

In related security issues, President Putin appeared last night on the Rossiya-1 TV program "Moscow. Kremlin. Putin," saying on that Washington had not responded to his appeal for them to resume cooperation in cyber security, reported TASS. "This is not the first time we are outlining this proposal; we hope that everyone is interested in implementing the proposals that we had made," said the Russian President. "We are not losing hope that we will be able to continue this effort with all concerned parties, including the U.S.," Putin said of his Sept. 25 proposal.

COVID-19

WHO's Nabarro: Stop Addiction to Lockdowns—They Make 'Poor People an Awful Lot Poorer'

Oct. 12 (EIRNS)—David Nabarro, a Special Envoy on COVID-19 for WHO Director-General Tedros Adhanom Ghebreyesus, is making a forceful case for what he calls "The Middle Path": "Some commentators say 'more restrictions needed now.' Others say 'let the virus run wild and build up herd immunity.' A middle path is needed.... Too many restrictions damage people's livelihoods and provoke resentment. 'Virus run wild' will lead to lots of deaths as well as debilitating long COVID among younger people." This involves, first, using 'all precautions all the time'—distancing, masking, washing hands, self-isolating when ill, and shielding the most vulnerable. Second, there must be investment in public health services for the test-trace-isolate-protect capacity, which must include mass testing capacity. This is to deal with surges. Finally, international cooperation is vital.... Lockdowns in one country interrupt trade and commerce around the world.... Lockdowns are making poor people an awful lot poorer.' "

Interviewed by *The Spectator* on Oct. 8, Nabarro was emphatic that world leaders must stop abusing the lockdown approach. “The only time we believe a lockdown is justified is to buy you time to reorganize, regroup, rebalance your resources, protect your health workers who are exhausted, but by and large, we’d rather not do it.... Look what’s happened to smallholder farmers all over the world because their markets have got dented. Look what’s happening to poverty levels. It seems that we may well have a doubling of world poverty by next year. Seems that we may well have at least a doubling of child malnutrition because children are not getting meals at school and their parents, in poor families, are not able to afford it. This is a terrible, ghastly global catastrophe actually. And so we really do appeal to all world leaders: Stop using lockdown as your primary control method, develop better systems for doing it, work together and learn from each other.”

Operation Warp Speed Supports Monoclonal Antibodies

Oct. 12 (EIRNS)—The U.S. government has awarded \$486 million to AstraZeneca Plc under the “Operation Warp Speed” to develop and secure supplies of up to 100,000 doses of Covid-19 antibody treatment, CNBC reported. The grant is for a preventive monoclonal antibody cocktail, especially in high-risk populations such as those over 80 years old, the U.S. Department of Health and Human Services said. The government aims to provide more than 1 million free doses upon FDA approval.

COLLAPSING WESTERN FINANCIAL SYSTEM

Global Food Price Inflation Starts To Recall 2008

Oct. 12 (EIRNS)—As there is threatening food shortage and famine in regions of Africa, South Asia, and Ibero-America, there is also a global food price inflation underway, which recalls the severe food price shocks of 2007-08 before the financial crash.

The 15% inflation this year in the price of the average market basket of food in Africa, in a private institution’s survey, was already reported a

week ago. The UN Food and Agriculture Organization (FAO) on Oct. 8 reported cereals price inflation of 5.1% in September, worldwide, and 13.6% from September 2019. Vegetable oil prices averaged a 6% jump in September, and 14.1% from a year earlier; meat prices averaged a 9.4% increase from September 2019. Some prices had not risen, such as dairy; and sugar prices were actually falling.

What this means in the United States will be further indicated Oct. 13; prices for food at home (where most Americans are now eating the great majority of the time) had already risen by 4.5% through August. China has had particularly high food inflation: its average pork price is 53% higher than a year ago, and fresh vegetables 11.7% higher for the year, according to the China National Bureau of Statistics. Typically for China, the government is conducting a national “don’t waste food, clean your plate!” campaign involving President Xi Jinping personally.

BIS Moves To Globalize Central Bank Digital Currency

Oct. 12 (EIRNS)—The Bank of Japan released “[The Bank of Japan’s Approach to Central Bank Digital Currency](#)” on Oct. 9. It is cautious: “While the Bank of Japan currently has no plan to issue CBDC, from the viewpoint of ensuring the stability and efficiency of the overall payment and settlement systems, the Bank considers it important to prepare thoroughly to respond to changes in circumstances in an appropriate manner.... It would be desirable for the CBDC to be used not only for domestic but cross-border payments.” So it will begin “experiments” in using a CBDC from April 2021 onward.

However, Reuters reported Oct. 9, “The move came in tandem with an announcement by a group of seven major central banks, including the BOJ, on what they see as core features of a central bank digital currency (CBDC).” A new “innovation” division of the BIS has been formed to coordinate digital currency with seven major central banks; it is headed by the austerity-minded former French member of the ECB Executive Committee Benoit Coeuré, recently for savage austerity against Greeks. This operation published a report, “[Central Bank Digital Currencies:](#)

Foundational Principles and Core Features,” also on Oct. 9, with guidelines for developing CBDC, in coordination with the Bank of England, Federal Reserve, Bank of Canada, European Central Bank, Bank of Japan, Swiss Central Bank, Swedish Central Bank and the Bank for International Settlements.

Two of these seven central banks have been headed by Mark Carney during the last 15 years, and Carney is still involved with the Financial Stability Board, which he also used to head. Carney made the first proposal for a global CBDC, to replace the dollar as a reserve currency, at the Jackson Hole bankers’ meeting on Aug. 22-24, 2019. This BIS report and “Innovation Hub” headed by Coeuré clearly show that the central banks of the entire “Trilateral world” are now coordinating to bring CBDC into use.

CNBC’s coverage Oct. 9 noted mildly, “There are concerns this could leave out commercial banks.” It certainly could, as Fed studies have already emphasized. Then there is the bullet point in the BIS report that “CBDC payments should be at very low or no cost to end users, who should also face minimal requirements for technological investment.” The last time the United States had currency which was not free to users, was the Jacksonian period of state bank currencies; if one gave such a bank \$100 in gold for deposit and safekeeping, one received the bank’s notes for, say, \$96, under good circumstances redeemable in gold. So negative deposit rates are not a new invention.

One big asset manager’s report on the BIS initiative says, “While central banks have been trying without success to increase inflation for the past decade, the temptation to put CBDCs into effect might be very strong among policymakers. However, CBDCs would not only inject liquidity into the economy but also could accelerate the velocity of money. That one-two punch could bring about far more inflation than central bankers bargain for.... The temptations of CBDCs are not limited to excesses in monetary policy. CBDCs also appear to be an effective mechanism for bypassing the taxation, debt issuance and spending prerogatives of government to implement a quasi-fiscal policy. Imagine, for example, the ease of enacting

Modern Monetary Theory via CBDCs. With CBDCs, the central banks would possess the necessary plumbing to directly deliver a digital currency to individuals' bank accounts, ready to be spent via debit cards.”

Kansas Cattlemen's CEO Blasts Packers' 'Sustainable' Hype, after Packers Made Food Chain Unsustainable

Oct. 12 (EIRNS) —The CEO of the Kansas Cattlemen's Association (KCA) Tyler Dupy has blasted the big food cartel firms for their latest initiatives against livestock producers, undertaken in the name of saving grasslands and dictating “green” animal husbandry. Dupy wrote in the October KCA newsletter, under the headline, “From Tyler's Desk: When Did We Become So Unsustainable?” He wrote, “Enough is enough! I am sick and tired of hearing how cattle production is destroying the planet, and how we need to focus on being more sustainable. Big corporations are running these public relations programs, that are making cattle production the enemy.... Covid-19 provided a real-world test of their [corporate] sustainability, and they failed miserably!

“Our cattle were ready for processing and consumption [over the months of the pandemic], but it was these very corporations that royally jacked up the supply chain, resulting in huge profits for them, to the detriment of producers and consumers, and they're somehow taking the higher ground on sustainability and climate change. Wow!”

Dupy advised KCA members to have nothing at all to do with the “sustainability” schemes initiated in the last few weeks by the big packers—Tyson Foods, Cargill, JBS, National Beef, etc.—in cahoots with the infamous World Wildlife Fund and food multinationals. Don't try to discuss anything with them. “People say it's better to have a seat at the table, so they get involved with these programs. Taking a seat at the table is one thing. Sitting on the platter is an entirely different situation. Reminds me of the movie, ‘Dinner for Schmucks,’ where regular party guests compete to bring the biggest buffoon to the party. Don't be a buffoon.” Stay away from the “green dialogue.” He said, those posing as

environmentalists will never be appeased. “Sometimes, it is just best to not engage with the crazy.”

To drive home his point, Dupy ran verbatim two press releases of the September “sustainable” project announcements by two of the four transnational packers that control 85% of all beef processing in the U.S. Tyson Foods announced that it will work with “BEEFCARE,” a program that will verify if your cattle are suitable for their purchase, according to grassland practices set out by the Nature Conservancy and by the U.S. Roundtable for Sustainable Beef, a World Wildlife Fund operation. The second announcement is from a joint program by Cargill, Walmart, McDonald’s, and the World Wildlife Fund, for a carbon-storage, beef-raising, grasslands certification program called “RSVP,” for “Rancher Systems Viability Program.”

Tyler Dupy spoke at the Schiller Institute international conference April 25-26, on a panel of farm leaders reporting on the North American agriculture and food crisis. At the Sept. 5-6 Schiller Institute conference, KCA Secretary Treasurer Nicole Pfrang scored the World Wildlife Fund and packer operations.

NEW WORLD ECONOMIC ORDER

Another Study Debunks ‘China Debt Trap’ Whack-a-Mole

Oct. 12 (EIRNS)—“Africa does not have a debt problem with China,” stressed Eric Orlander, co-founder of the China Africa Project. “Oftentimes, we hear that there’s an African debt crisis with China, but [only] about 10 African countries have a debt problem with China....That leaves a majority of countries that do not have a debt problem with China.” Orlander was speaking at a virtual event sponsored by financial news outfit Quartz Africa on Thursday, Oct. 8.

A study released that day by the global financial consultancy Rhodium Group, which combed through outstanding financial data (China does not publicize this information)—examining 130 cases dating back to 2000 on a

global scale—found essentially the same thing. As should be the case, China handles its debt negotiations on a bilateral basis, tailoring its restructuring arrangements with each country individually. That way, although an individual debtor’s credit rating may suffer, it is not destroyed, and the debtor can still borrow on the international market. Requests for these negotiations are understandably increasing this year: Rhodium discovered “at least 18” cases have occurred so far in 2020, and another 12 are ongoing.

According to the report, China is currently in negotiation with 16 different countries, some going back years (Ukraine, for example, to 2014). Of those, six are in Africa; three in Asia/Central Europe; three in the Asia Pacific; and two in South America (two are multiples). Of the six completed cases this year, in each case the debt has been deferred. As to the “grim” end of the “debt trap” fairy tale, the report says that while write-offs are “unlikely,” with only one documented case, asset seizures are even more rare (none has been documented).

China has engaged in two large-scale write-offs, the report observes, first in 2001, at the first Forum on China-Africa Cooperation (FOCAC) summit, then in 2007, for the second write-off.

- Watch the [Morning Briefing with Harley Schlanger](#) on Tuesday, October 13: Every weekday morning Harley will brief you on what you need to know to start your day. Subscribe to the LaRouchePAC YouTube channel and hit the notifications button to be notified when Harley’s briefings are posted. Or you can listen to the audio file on [SoundCloud](#).