

EIR Daily Alert Service

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EDITORIAL

Congress's Sham Impeachment Blocks Response to a Financial Crisis

Nov. 4 (EIRNS)—House Speaker Nancy Pelosi's political action committee is the Congressional Democrats' most prolific source of campaign fundraising. In the third quarter of this year the "Democratic billionaires" who demand forcing President Donald Trump out of office,

led by George Soros with \$16 million, poured on the funds. In early September Pelosi, who for months had stood against trying to impeach Trump without “bipartisan support,” changed her mind and announced a sham process that Democratic leaders call impeachment.

Pelosi cannot speak against that now. Instead, in a Nov. 1 interview with Bloomberg, she strongly criticized the Democratic candidates for President for a related sham—putting forward crazy “programs” sure to lose in 2020. Medicare for All and Green New Deal are rejected by voters across the Midwest, she told Bloomberg. “As a left-wing San Francisco liberal I can say to these people: What are you thinking?... You can ask the left—they’re unhappy with me for not being a socialist.” The news service reported, “Pelosi also expressed worries about voters’ reactions to the Green New Deal ... that calls for radical, rapid reductions in carbon emissions. ‘There’s very strong opposition on the labor side to the Green New Deal because it’s like 10 years, no more fossil fuel. Really?’ she said.”

The Speaker’s criticisms of the Democratic candidates sounded somewhat like President Trump’s strong criticisms of her. Neither can be denied. It is not just the Democratic candidates.

The entire Congress, in the grip of the Democratic House leadership, is wasting the precious time of the nation—facing both an oncoming financial crisis worse than the crash of 2008, and a worsening epidemic of drug addictions—with a faked impeachment. All its closed-door processes and selective leaks to compliant media are aimed at driving down President Trump’s poll ratings; impeaching him for “low polls and misdemeanors,” campaigning for President by impeachment. Fox News has joined the game, willfully mis-headlining its own national poll which actually showed impeachment support as lower than one month earlier.

And while they do it, the Federal Reserve makes growing daily emergency injections of liquidity to the banking system, which suddenly needs them every day for the first time since 2008. They are kept secret from the American public by most of the media. The immense \$16 trillion bubble of U.S. corporate debt, growing at more than \$1 trillion/year, now

draws red-light warnings from experts worldwide. Beneath it is an economy in an industrial and manufacturing recession since the end of 2018.

We need emergency restoration of the Glass-Steagall Act, to isolate Wall Street's speculative casino from the commercial banks, so that they can restore productive lending. This is just the first of Lyndon LaRouche's "Four Laws To Save the U.S.A."

But Glass-Steagall has been virtually abandoned by "progressive" Democrats in this session of Congress; and of the ten Members of Congress who have been running for President, just one—Rep. Tulsi Gabbard—is sponsoring it and none have campaigned with it.

With this betrayal, trying hard to bring down President Trump's polls by impeachment, they are lowering their own. One, businessman Andrew Yang, told CNN yesterday, "The entire country gets engrossed in this impeachment process. And ... we will not have made a real case to the American people."

Much worse than that. They are acting to sabotage the President's cooperation with Mexico against drug and guns cartel trafficking; his Moon-Mars mission for NASA; his—and their own!—ability to act on Lyndon LaRouche's laws for economic recovery in a financial crash. Some Democrats must break ranks, and Congress must do the urgent business of the country.

U.S. POLITICAL AND ECONOMIC

Another Week of 'Star Chamber' Impeachment Hearings Begins

Nov. 4 (EIRNS)—At the start of yet another week of their secret hearings, Rep. Adam Shifty Schiff and crew today released the first two transcripts of "depositions" taken in their weeks of secret basement impeachment hearings, starting with those of former U.S. Ambassador to Ukraine Marie Yovanovitch and former senior advisor to the Secretary of State,

Ambassador Michael McKinley. Their statement upon releasing them is brazen: There is nothing there.

“The interviews with Ambassadors Yovanovitch and McKinley demonstrate clearly how President Trump approved the removal of a highly respected and effective diplomat based on public falsehoods and smears against Ambassador Yovanovitch’s character and her work in support of long-held U.S. foreign policy anti-corruption goals,” they wrote.

“Ambassadors Yovanovitch and McKinley’s testimony also demonstrates the contamination of U.S. foreign policy by an irregular back channel that sought to advance the President’s personal and political interests, and the serious concerns that this activity elicited across our government,” they wrote.

In other words, the President exercised his presidential powers in a way they don’t like.

As for this week’s 11 witnesses: the four administration officials scheduled to testify today (two subpoenaed, two “requested”) refused to show up. Energy Secretary Rick Perry has been scheduled for Wednesday, Nov. 6, but the Department spokeswoman already said last Friday, Nov. 1, that he will not appear for a closed-door hearing. John Bolton is scheduled to testify on Nov. 7, but his lawyer says he will not appear without a subpoena.

President Donald Trump is not yielding on the Ukraine nothingburger. He tweeted yesterday that “False stories are being reported that a few Republican Senators are saying that President Trump may have done a quid pro quo, but it doesn’t matter, there is nothing wrong with that, it is not an impeachable event. Perhaps so, but read the transcript, there is no quid pro quo!”

Menticidal Drug, 'Meth 2.0,' Becomes a Common Threat to Mexico and United States

Nov. 4 (EIRNS)—A new, super-pure, cheaper variety of methamphetamines, dubbed “meth 2.0,” is killing people on both sides of the U.S.-Mexican border.

The Sinaloa Cartel is the chief producer of this latest instrument of this modern Opium War. Mexican Secretary of Defense Gen. Luis Crescencio Sandoval reported on Oct. 30 that Ovidio Guzman, whose attempted arrest triggered the drug cartel assault on Culiacan, is wanted as a principal trafficker of meth, as well as fentanyl. But Mexico not only suffers from the terror of the cartels' producers; mass addiction is spreading there, too. A top Mexican health official reported during President Andrés Manuel López Obrador's Oct. 29 press conference, that methamphetamines, and in particular, the crystal form, have become the greatest national addiction problem, along with cocaine.

USA Today published yesterday a snapshot of the horror it wreaks on the U.S. side, in the case of the poor Upcountry region in northwest South Carolina, where meth 2.0 has become the number-one drug of abuse. The area is close to Interstate 85, which has long been a major trafficking artery into Atlanta for all kinds of drugs. This meth comes up from Mexico, primarily in liquid form, and is processed into crystal form in labs in the area.

Dr. Paul Earley, American Society of Addiction Medicine board president, told the paper that “crystal meth accelerates the reward circuits in the brain more powerfully than any other drug we have,” making it much harder to break addiction. People are starting to use this meth at a younger age in the county, and are shifting from snorting or smoking, to injecting. Treatment specialists report “at least 90 days of intensive counseling and therapy to get *started* on recovery. And even then, nearly all of them can be expected to relapse multiple times before reaching sustained recovery.” A county coroner reports that 25 people died from meth overdose in the area last year; already by September this year, 39 people had already died.

While the Centers for Disease Control and Prevention (CDC) only counts deaths from overdoses, methamphetamine kills users over time. “Meth takes a severe mental and physical toll on chronic users, destroying their appearance and substantially shortening their lives. ‘If you want to know whether a town has a meth problem, just go to Walmart and take a look around,’ Pickens [County] Chief Deputy Chad Brooks said. ‘Its symptoms are unmistakable: rotting teeth, skin lesions, extreme weight loss and premature aging,’ ” *USA Today* reports.

COLLAPSING WESTERN FINANCIAL SYSTEM

Fed Interbank Loan Crisis Won't Stop—United States Needs Glass-Steagall Fast

Nov. 4 (EIRNS)—The New York Federal Reserve had to make \$77.5 billion in emergency liquidity loans Monday. Since the overnight lending limit was raised Oct. 28, the liquidity demand has exceeded the old limit (\$75 billion) each day, and the two-week loan demand has exceeded the old limit (\$35 billion) twice out of three operations. This is now becoming “standing” in the sense of “permanent” at the average level of \$400 billion or so of rotating emergency loans over the course of a week. The total level of Federal Reserve assets has gone back over \$4 trillion, at \$4.02 trillion, so \$280 billion of these “overnight” liquidity loans have become semi-permanent since Sept. 17.

What is going on appears to be the plan of JPMorgan Chase, by which the Wall Street banks have withdrawn from the broader interbank market, and the Fed is providing *all* the liquidity demands of the non-banks—like hedge funds—which are high and increasing.

The hedge fund industry has lost (separately from \$80 billion in assets withdrawn by investors) \$25.6 billion from January to September 2019. These losses are concentrated in smaller hedge funds, which are the vast majority of the 8,000 or so funds. But there are big hedge funds which have lost big very recently. They are, as Pam and Russ Martens pointed out on

Oct. 30, highly leveraged, and so their losses are magnified in liquidity demands. Big ones:

Woodford Equity Income Fund UK, with \$4.7 billion assets, is being liquidated. Third Point Capital lost \$800 million on Argentina; Autonomy Capital Partners lost \$1 billion on Argentina; Lime Asset Mgmt., South Korea's largest, blocked \$500 million against withdrawals; Vinik Asset Management is closing down due to bad returns; Fischer Investments, \$4 billion withdrawn due to sexual conduct; Abrams Capital Management LP, Baupost Group LLC, Elliott Management Corp.: the main hedge funds in PG&E stocks and bonds, have lost many billions, including \$4 billion just in the past two weeks.

What does it mean? On the Wall Street side, speculation in the gargantuan "everything bubble" is increasing in pace. One example: A new report cites \$660 billion in corporate "leveraged loans" which are now in packaged in collateralized loan obligations, CLOs, arranged and funded by the big banks. Just two months ago, when the Bank of England put out a "warning" report on this, the CLOs of leverage corporate debt totalled \$420 billion.

On the Fed side, a standing daily repo facility is a 2007-style attempt to keep the wounded and crippled alive or sell them off successfully, and keep the \$15-16 trillion corporate debt bubble in particular from the threat of interest rates rising and blowing it out.

The intervention urgently required is Glass-Steagall, the first LaRouche's Four Laws (see *EIR*, June 13, 2014). Restoring Glass-Steagall will fairly quickly create the effect of a two-tier interest rate situation to isolate and dry out speculation, whereas a Treasury or Fed "directive" could not, in this situation, do so.

THE NEW GLOBAL ECONOMIC ORDER

Qatar Looks to the New Silk Road as the Future

Nov. 4 (EIRNS)—The Qatari government and media Dar Al Sharq Group sponsored a “Silk Road Exhibition & One Belt, One Road Conference” which runs Nov. 3-5 in Doha. In opening the conference, the CEO of the government’s Qatar Free Zones Authority (QFZA) Lim Meng Hui endorsed China’s Belt and Road Initiative as the means to bring “more of the Middle East to the world and more of the world to the Middle East.”

Lim described the QFZA’s “vision to create a diversified and flourishing Qatari economy,” in which Qatar becomes a hub of “tech operations, across automotive, marine, aviation, pharmaceuticals, and chemical industries.” To that end, the QFZA signed four separate memoranda of understanding with Chinese companies and state institutions this year, he reported. One of these MOUs he mentioned is with China Harbor Group, which is building a clean energy bus assembly plant, and working on “a project of ship-to-shore cranes, opening up doors to immense opportunities.”

In addition to bilateral cooperation, Lim cited the potential for Qatari companies to participate in three-way partnerships in Chinese investments in Central Asia and Africa, as well as offering Qatar’s technological expertise in downstream petrochemicals and other major industries.

India Turns Down Regional Comprehensive Economic Partnership, as 15 Other Nations To Proceed

Nov. 4 (EIRNS)—Late night meetings of the 16 participants in the proposed Regional Comprehensive Economic Partnership (RCEP)—comprised of the ten ASEAN nations plus China, Japan, South Korea, Australia, New Zealand, and India—failed to overcome India’s concerns. India has apparently pulled out of the discussions, although the others will make further efforts to find a resolution to the disagreements, but otherwise sign a deal sometime next year among the remaining 15 nations.

The RCEP negotiation was initiated by China at a time when it was being excluded from the Trans-Pacific Partnership trade negotiations of the Obama Administration.

A joint statement by all 16 member nations involved in the discussions said 15 nations had concluded text-based negotiations for all 20 chapters and essentially all their market access issues, and would undertake minor changes before a formal signing in 2020. But the statement included: “India has significant outstanding issues, which remained unresolved.”

South China Morning Post reported today that India’s Prime Minister Narendra Modi had told the meeting of leaders from the RCEP countries that “neither the talisman of [Mahatma Gandhi] nor my own conscience permit me to join the RCEP.” They add that the main opposition within India “has come from the country’s long protected industries, such as its dairy sector, which fears it could be wiped out by lower tariffs on Australian and New Zealand products that would result from the RCEP.” They quote a member of the RSS also voicing that the “non-tariff barriers put in place by the United States and China” were also of concern, including Beijing’s “digital iron curtain.”

SCIENCE AND INFRASTRUCTURE

Vindicated Chinese-American Scientist, Charged with Spying, Now Suing FBI

Nov. 4 (EIRNS)—In 2015, Chinese-born American Prof. Xiaoxing Xi was arrested and charged with espionage for allegedly spying for his native country. The FBI’s case—one of the first of its type—soon fell apart when it was discovered that the “evidence” was actually a blueprint for a device that Xi himself invented, and not some classified technology used to support super-computing devices. In September 2019, the charges against him were dropped.

As a result of the arrest, Dr. Xi immediately lost his position as head of the physics department at Temple University in Philadelphia, along with grant money for several research projects, and eventually lost his house and

life savings, all because he was wrongly accused. Today, the vindicated Professor Xi is suing the lead FBI agent in charge of his case for falsifying evidence.

On Oct. 22, the American Physical Society announced that it was awarding Dr. Xi its Andrei Sakharov Prize, which “recognizes outstanding leadership of scientists in upholding human rights,” according to its website. Specifically, Dr. Xi was honored “for his articulate and steadfast advocacy in support of the U.S. scientific community and open scientific exchange, and especially his efforts to clarify the nature of international scientific collaboration in cases involving allegations of scientific espionage,” says Jim Napolitano, who now has Xi’s old job as department chair.

In accepting the award, Dr. Xi said, “I am honored to receive the prize in [Sakharov’s] name from APS. After I witnessed encroachments on liberty and open fundamental research in academia firsthand, as a Chinese-American physicist, I felt obliged to speak up for my community and raise awareness of the danger. I am humbled to see my name associated with the name of Andrei Sakharov for what little I have done. I will continue to speak up so that more people will join the fight to defend our freedom and safeguard America’s research enterprise.”

Russia and U.S. Cooperate on ISS, as China Expert Foresees ‘Earth-Moon Economic Zone’

Nov. 4 (EIRNS)—Following a letter for help from NASA Administrator James Bridenstine, Roscosmos Director Dmitry Rogozin has ordered construction of two more Soyuz MS spacecraft, one of which will help NASA deliver astronauts to the International Space Station. Bridenstine wrote to Rogozin warning of a delay in starting American commercial spacecraft flights, according to SpaceNews. NASA expects the commercial crew deliveries to the ISS to begin next year, but has explained that its astronauts will continue to fly on the Soyuz and Russian cosmonauts will fly American vehicles, so there is redundancy, in case either system has a failure.

Meanwhile China's *Global Times* on Nov. 3 carried a report on the future creation an Earth-Moon economic zone, through the middle of this century. "China is mulling establishing an Earth-Moon space economic zone by 2050," *Global Times* wrote, "with insiders expecting the zone to generate \$10 trillion a year." Bao Weimin, director of the Science and Technology Commission of the China Aerospace Science and Technology Corporation, revealed the ambitious plan at a seminar on space economy on Oct. 30.

The paper derived its coverage from a Nov. 1 report in the *Science and Technology Daily*. "In a report on developing Earth and Moon space, Bao shared his thoughts on the huge economic potential in this field and pledged that the country would study ... flight-style transportation system between the Earth and Moon. He pledged to complete basic research and make a breakthrough on key technologies before 2030 and establish the transportation system by 2040. 'By 2050, China could successfully establish an Earth-Moon space economic zone,' he said."

OTHER

Coup Attempt against Bolivian President Escalates

Nov. 4 (EIRNS)—Over the past 48 hours, "pro-democracy" forces based in Santa Cruz, Bolivia have stepped up efforts to overthrow President Evo Morales, whose policies of sovereign economic development are anathema to the Wall Street and City of London financier interests backing his so-called opposition, lodged in the province of Santa Cruz in southeastern Bolivia.

On Nov. 2, the leader of the fascist-leaning Pro-Santa Cruz Civic Committee, Luis Fernando Camacho, issued an ultimatum to "the tyrant" Morales, giving him until tonight at 7:00 p.m. to resign or face "complementary measures" on top of an indefinite civic strike, road blockades, and violence. These forces have attacked government—particularly indigenous—supporters in several cities since the Oct. 20 presidential election. Morales won that election by a slim margin, not

requiring a second round, but the Santa Cruz crowd, as well as failed opposition candidate Carlos Mesa, charged Morales with fraud. Hence, Camacho proclaimed, “we are not overthrowing a government but liberating an entire nation,” *La Razón* reported.

Morales has responded by calling the Santa Cruz operation by its right name—a coup—the Bolivian Information Agency (ABI) reported. The President has mobilized his base in the COB trade union federation, and social and peasant organizations, warning that “this is no longer an issue of elections or fraud but a threat of a coup d’état.” He called on his base to “defend the nation,” and peacefully defend democracy, while exhorting the opposition to prevent conflict that would pit Bolivians against Bolivians.

The government also asked the Organization of American States (OAS) to convene an emergency session today at 3:00 p.m. at which Foreign Minister Diego Pary will give a full briefing on the situation in the country. The OAS, whose observer delegation questioned the results of the Oct. 20 election, and had called for a second round, is now carrying out an audit of the vote, as agreed with Morales.

But the situation is fraught with danger, including death threats to Morales and his cabinet members. Today, the helicopter transporting him from Colquiri to the capital suffered a mechanical malfunction, and had to make an emergency landing, *La Razón* reported.

Xi Jinping Gives Carrie Lam Full Support To Resolve Hong Kong Chaos

Nov. 4 (EIRNS)—Hong Kong Chief Executive Carrie Lam met with President Xi Jinping today in Shanghai before the opening of the second China International Import Expo on Nov. 5, for their first meeting in the 23 weeks of color revolution violence in Hong Kong. Xi told Lam: “The central government has high trust on you and fully affirmed by the work of you and the governance team of Hong Kong. To curb the violence and stop the chaos in accordance with the law is still the most important task faced by Hong Kong.”

Lam is going to Beijing on Nov. 6 for what *South China Morning Post* called an “unscheduled meeting with Vice-Premier Han Zheng,” quoting sources saying this would involve key policy directives regarding Hong Kong, including national security laws.

Xinhua reported that Xi’s meeting with Lam today was also attended by Politburo member and top diplomat Yang Jiechi, Foreign Minister Wang Yi, and Minister of Public Security Zhao Kezhi, who oversees the country’s police force.