

EIR Daily Alert Service

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EDITORIAL

A Strategic Significance to China's Growth Greater Than U.S. in 2021

Jan. 17 (EIRNS)—At a bad time for the British and U.S. war party which is striving to put down Russia and China in confrontations over Ukraine and Taiwan, China's annual economic data release has shown that its economy again grew faster than that of the United States in 2021. And more important, China's credit channel is fully open both for domestic industry and Belt and Road loans, while U.S. banks' lending *cannot* grow until the dominant Wall Street megabanks are broken up and reorganized.

This time, financial analysts and business economists in New York and London had widely and confidently predicted, early in 2021, that the U.S. economy's supposed "red-hot recovery" from what was alleged to be simply a pandemic-induced recession, would cause it to outgrow China's economy both in 2021 and 2022. They were proven wrong. China's GDP grew by 8.1% over the year, and *South China Morning Post* reported that former World Bank chief economist Justin Yifu Lin now estimates China's economy may become the world's largest by GDP in 2028, rather than 2030 as he had previously forecast. Industrial production grew by 9.6%, fixed asset investment by 4.9%, job creation was at 12.69 million, and retail sales grew by 12.5%, according to the National Bureau of Statistics release Jan. 17. China's real disposable personal income, after inflation, rose by 8.1% in 2021—and for urban areas, by 7.1%—while Americans' average real weekly wages fell by 2.3% over the year.

In a strategic crisis in which an effective partnership of Russia and China has stopped a "color revolution" attempt in Kazakhstan and is pushing to prevent Ukraine from joining NATO, this development makes reality clearer for American policymakers. The feared U.S. Treasury sanctions, including anti-China tariffs, do not work against these two major economic and scientific powers, although they devastate developing-nation adversaries and are killing or exiling millions of Afghans. Sudden coal shortages, price spikes and even blackouts in late summer, triggered in

China by London's global Green New Deal, were handled quickly by regulatory action while Europe struggles.

These economic facts of life will also affect the Federal Reserve and the dominant dollar. The People's Bank of China was actually lowering interest rates and the reserve requirement ratio for banks as 2021 ended. The Fed supposedly plans several rate increases to "control inflation" which is out of control at 7% for consumer goods and almost 10% for producer goods. But its data presumably show the Fed's governors that the U.S. real economy is again contracting, after failing to regain even early-2020 pre-COVID levels of activity. Seriously raising short-term interest rates, and the impact on long-term rates, could not only blow out the "everything bubble" of debt, but trigger another deep recession.

U.S. industrial production dropped slightly, -0.1% in December, and is just about equal to late 2019 and -3% lower than its level of mid-2018. Manufacturing output fell by -0.3% in December and is about 5% below the mid-2018 level; again, equal to that of late 2019. Construction investment and employment are lower than in 2018, particularly in "public and government structures," although contractors are expecting new highway and bridge contracts from the \$1.2 infrastructure legislation just passed. Retail sales also fell in December, as a reaction to inflation of consumer goods.

But the most dramatic contrast in the economies, is effective credit policy: Outstanding loans by China's banks, including overseas lending, grew by 11.7% for the year; and although the big Wall Street and regional U.S. banks are crammed with trillions in excess deposits through Federal Reserve quantitative easing programs, American banks' loans outstanding grew by less than 0.5% in 2021.

An initiative for a new international credit and monetary system, a Rooseveltian New Bretton Woods, could now originate from the Eurasian "strategic triangle" nations of China, Russia and India and be proposed to the United States as a solution for strategic crises—jointly seek the benefit of third countries. This must begin with modern medical facilities and food

aid for Afghanistan and other war-destroyed nations, as Helga Zepp-LaRouche and the Schiller Institute propose.\

- Watch **Harley's Updates** with Harley Schlanger on Tuesday January 18, 2022: Every weekday morning on **The LaRouche Organization** website, Harley will give you the strategic briefing you need to start your day.

AFGHANISTAN

Afghanistan, a Victim of Depraved Indifference or Deliberate Genocide?

Jan. 17 (EIRNS)—Whatever horrible images people remember from the hectic pullout of American forces last August, a much more horrible reality has come into focus—that retribution would be exacted upon the Afghan population, regardless of any political leanings. Beyond the miscalculation of Western intelligence agencies regarding the degree of support for the propped-up government, there is the current calculation of deaths from the cold, from disease and from starvation.

The reality is that, at a minimum, 55% of the population is at “extreme levels of hunger,” according to the latest UN estimate. And of these 23 million people, around 9 million are at immediate risk of famine. The depraved indifference that has allowed matters to come to this point competes with the deliberate depravity of withholding Afghanistan’s \$9 billion in reserve assets, adding up to genocide—deaths unmatched in years of bombing.

Presently, displaced Afghans in camps in the northern region are reduced to selling not only their children, but also their kidneys to survive. According to TOLONews, one gets \$950-1,425 per child, and \$1,425-1,900 per kidney. The head of Action Against Hunger’s Afghanistan section, Mike Bonke, reported on NPR that they witness people losing body weight and “a sense of listlessness” from the lack of calories. Speaking from his

office in Kabul, he said, “We actually go to the people in villages and check on their health status. And we see people in these villages who have been, you know, skipping over meals. We find cases of severe malnourishment, you know, underfed children that are—really are starving. And that’s horrifying.”

Belatedly, Western governments have begun scrambling to put together piecemeal efforts, with the primary aim of avoiding the Taliban government. Bonke made it clear that the problem now is simply too big not to engage with the Kabul administration. Modest increases of aid aren’t close to being enough. This is echoed by the research director of the End Afghanistan Starvation group, Fanny Dellinger, who is in touch with a number of NGOs. She describes some UNICEF funding for community health clinics, whose funding had been cut off by the World Bank; but the question of funding for public hospitals has not been addressed, because this involves dealing with the government and lifting the sanctions.

Pakistan’s involvement with the Taliban government, according to TOLONews, includes the sending skilled professionals, including medical, IT, financing and accounting personnel. There are unconfirmed reports that the Taliban has begun paying civil servants a part of their salary (around 30-50%). The German and Dutch governments are working on a scheme to pay some salaries of teachers, administered through UNICEF rather than the government—but with the Taliban’s agreement to allow girls to attend school through the 12th grade. (Since the government has already announced such a program, to begin in March, it appears the Western “condition” has more to do with propaganda than anything else.)

Finally, what passes for aid, up to now, appears to be the pulling out of Afghanistan the very talent needed to rebuild the country—a pretty good measure of the lack of any intent for any such rebuilding. The director of a technical school in Kabul reported to *EIR* on the huge brain drain over the recent few months, where almost none of his graduates remains in the country. A senior official of the Islamic Emirate of Afghanistan Wahidullah Hashimi claims: “Foreigners intentionally evacuated Afghans, most

importantly, the educated and professional ones, to weaken the Islamic Emirate and undermine our administration. We are in touch with some Afghans in different parts of the world and are encouraging them to return to Afghanistan because we desperately need their help and expertise to help their people and government.”

U.S. POLITICAL AND ECONOMIC

Matlock/Lieven/Petro: Valuable Contributions to Resolution in Ukraine, Response to Schiller Institute

Jan. 17 (EIRNS)—The International Institute for Peace (IPP), based in Vienna, sponsored a forum today on the subject of a “Peaceful Solution for Ukraine.” Among the speakers were three leading experts fighting to stop the rush for war between the U.S. and Russia: the last U.S. Ambassador to the Soviet Union Jack Matlock; Anatol Lieven, a former British journalist now with the Quincy Institute; and Nicolai Petro, a former State Department officer on Russia, now at the University of Rhode Island.

Ambassador Matlock began by reviewing the “failure of 1989,” as a moment in which all of Europe could have been demilitarized and brought together around a common purpose. Instead, Western leaders claimed, falsely in his view, that the West had “won the Cold War.” But the breakup of the U.S.S.R. took place after the end of the Cold War, as an agreement between Russian leaders and the former Soviet states. Thinking the West “won,” the likes of Francis Fukuyama declared the “End of History,” promoting regime change to force liberal democracy. Serbia was the first illegal war, without UN authorization. The expansion of NATO re-militarized relations in Europe.

The only solution for the Ukraine crisis, Matlock said, is federalism, autonomy for the Donbas as in Minsk II. But Kiev is rejecting it, thinking NATO will back them, which is not true, as shown over these past weeks. We must end the imperial division of “East vs. West,” and unite behind common aims.

Anatol Lieven fully supported Matlock, adding that Austria and Finland are examples of neutrality and a model for Ukraine. The Maidan coup, forcing Ukraine to choose between East and West, was a disaster. Kiev refuses to follow Minsk II because they know it would rule out ever joining NATO. War is not likely, other than by “catastrophic mistakes,” but that is possible. The idea that Ukraine has gained “free market democracy” as promised is a fraud—the per-capita GDP of Ukraine is now one-third that of Russia’s.

The 1914 war was launched with each side believing they were fighting for a “superior civilization,” and they destroyed each other, Lieven said. He recited a poem which had a series of ghosts of soldiers from different wars, with each verse ending: “I died for freedom, this I know, Those who sent me told me so.”

Nicolai Petro addressed the internal conflict in Ukraine, noting that it has gone on for 150 years, by those who demand a “civilizational choice” between those who want a shared identity with Russia and those who denounce all things Russian—politics, economics, culture, science. Three major battles: World War I, World War II, and 2014. “The obvious solution is federalism, which has been proposed several times over these 150 years. However, in Kiev today, calling for federalism is considered treasonous. Kiev, Petro said, has passed a law that will give the people of Donbas only “limited human rights” after reuniting the country, for 20 years. He called for a “truth and reconciliation” process.

The first question taken was from the Schiller Institute’s Pat Salisbury, addressed to Ambassador Jack Matlock and Anatol Lieven. The question was:

“Leading strategic expert of the Russian International Affairs Council Andrey Kortunov, in a recent interview with *Executive Intelligence Review*, where he soberly viewed the conflicts in the world, stated that he believed that Afghanistan was one of the few areas in the world where he sees no major contradictions between East and West, and where there is an opportunity for multilateral cooperation. Do you agree that this is possible

and desirable, and that co-operative action to stop the unfolding unprecedented humanitarian disaster in Afghanistan could have a positive spillover effect into ‘red line’ situations such as Ukraine and Taiwan, and begin to shift the failed underlying assumption identified by Ambassador Matlock?”

Matlock answered (in paraphrase): Yes, any effort to cooperate is useful, that is precisely how we engineered an end to the Cold War. We began cooperating on various issues and within about three years we were ending the Cold War. There are also other areas than Ukraine where cooperation is possible. One is the area of cyber security, and also strategic issues. Ambassador Matlock then returned to the issue of Ukraine per se, noting that many of the issues evoke a great deal of emotion. One of these is membership in NATO which can have no possible benefit to Ukraine. He invited everyone to actually read Article Five, which he said would *not* commit America or NATO to come to the military aid of Ukraine—what it says is that an attack on one is an attack on all, and *then* the others will decide how to respond. While he did not expect Russia to invade Ukraine, if this were to occur Russia would easily prevail militarily, in his view, and would occupy Kiev within a week.

Anatol Lieven also responded to the question. He repeated his argument that only federalism can solve the crisis in Ukraine, observing that many countries have federal systems, including the United States. He said the Western position is physically and morally cowardly, and that you can “talk all you want about democracy, it is not a moral position.”

CFR’s *Foreign Affairs* Opinion: ‘Time for NATO To Close Its Door’

Jan. 17 (EIRNS)—The Council on Foreign Relations’ publication *Foreign Affairs* published a column today by one Michael Kimmage, calling the NATO alliance “ill-suited to 21st-century Europe” and stating that it should at least forswear accepting any more nations as members, including Ukraine. Kimmage, who is a Catholic University professor and a senior fellow at both the German Marshall Fund and the Wilson Center, wrote that “NATO suffers from a severe design flaw: extending deep into the cauldron

of Eastern European geopolitics, it is too large, too poorly defined, and too provocative for its own good.... Today, the alliance is a loose and baggy monster of 30 countries, encompassing North America, Western Europe, the Baltic states, and Turkey. This expanded NATO wavers between offense and defense, having been involved militarily in Serbia, Afghanistan, and Libya. The sheer enormity of the alliance and the murkiness of its mission risk embroiling NATO in a major European war.”

So Kimmage wrote, in order to improve its defensive capacities NATO should publicly and explicitly forswear adding any more members. Moreover, he says, “rethinking the security architecture of Central and Eastern Europe would not be a concession to Putin. To the contrary, it is necessary in order for the most successful alliance of the 20th century to endure and prosper in the 21st.”

STRATEGIC WAR DANGER

Stoltenberg: NATO Won't Agree to Pre-1997 Borders but to Reduce Nuclear Arms

Jan. 17 (EIRNS)—NATO and Russia are heading for a clash, Sputnik and Reuters' Johanna Geron reported yesterday. Russia previously slammed NATO's creeping expansion, saying that NATO should return to the positions that existed at the moment of signing of the 1997 Russia-NATO Founding Act. The Russian Foreign Ministry has emphasized that strengthening NATO's military capability near Russia's borders poses a national security threat.

On Sunday Jan. 16, NATO Secretary General Jens Stoltenberg said that NATO would never pull allied troops from member states that had joined NATO since 1997, because “that is actually half of our members,” he told CBC news on Jan. 16, and “would mean having a second-class NATO of countries not protected by the alliance.... We will never introduce that.” he told CBC News. “But we're ready to engage in balanced, verifiable measures to reduce arms, conventional, nukes and that kind of thing. That would be good for Russia and good for NATO.”

On Dec. 17, Russia released its draft security suggestions to the United States and NATO, which include mutual security guarantees in Europe, non-deployment of short- and intermediate-range missiles within reach of each other's territory, NATO's non-expansion eastward into former Soviet republics surrounding Russia. Russia maintains that its package of proposals is "not a menu," and the Alliance's non-enlargement is central to it.

CIA Secret Training Program in Ukraine Reported

Jan. 17 (EIRNS)—[Antiwar.com](#) on Jan. 14 attributed to [Yahoo News](#)—which broke the story last year of Mike Pompeo's part in planning the assassination of Julian Assange—a report that CIA personnel have been training "elite Ukrainian special operations forces" to fight as guerrillas with "kill Russians" as their motto. Citing "five former intelligence and national security officials" as its sources, Yahoo News in a Jan. 13 story said the intensive training of "elite" special forces soldiers has been going on since 2015, at "an undisclosed facility in the southern United States," but that experts from the CIA's "Ground Branch" or "Ground Department" have frequently gone to Ukraine to train other special forces soldiers there.

According to the Yahoo News report the CIA officially says that its training of Ukrainians is in "gathering intelligence"; but one former CIA official said, "The United States is training an insurgency," said a former CIA official, and that the program has taught the Ukrainians how "to kill Russians." In any case, it is clear from the source reports that this is not a new program, but has been steadily expanded through the administrations of Obama, Trump and now Biden.

As Baerbock Goes to Kiev and Moscow, Not All Germans Agree on Berlin's Russia Policy

Jan. 17 (EIRNS)—German Foreign Minister Annalena Baerbock will be in Kiev today, Jan. 17, for talks with Ukrainian President Volodymyr Zelenskyy and Foreign Minister Dmytro Kuleba. She will then travel to Moscow to meet with Russian Foreign Minister Sergey Lavrov on Jan. 18.

The talks will focus on the situation in Donbas, tensions on the Russian-Ukrainian border and bilateral relations.

Baerbock is quoted by TASS: “We are ready to hold a serious dialogue on mutual agreements and take steps that will provide more security to everyone in Europe, including Russia,” she pointed out. “However, we cannot and will not deviate from the basic principles of the Helsinki Accords.” Those include the inviolability of borders, the right to choose alliances and the rejection of threats as a policy tool, Baerbock specified.

She went on: “The new federal government wants thorough and stable relations with Russia. The list of conflict issues that we need to discuss is long.” Speaking of important bilateral subjects, she listed science, culture, trade, renewable energy sources and climate issues.

“Cooperation between civic communities is particularly important to us. I also want to talk to my Russian counterpart about these opportunities and how we can create the conditions to use them more effectively.” That said, Baerbock specified that she will “attentively listen to her interlocutors both in Moscow and in Kiev. Yet I will also very clearly explain the position we hold together in the EU, the G7 and in the trans-Atlantic alliance.” The visits to Ukraine and Russia are her first overseas visits in her capacity as foreign minister.

Among the German political parties there is other views, and Deutsche Welle has run two articles reporting about disagreements splitting the governing coalition over how to approach relations with Russia, between Chancellor Olaf Scholz and Baerbock’s Greens. The new CDU leader, Friederich Merz, strongly disagrees with the sanctions the United States is threatening against Russia, with the Greens’ backing. As reported by Germany’s DPA news agency, Merz said cutting off Russia from the SWIFT interbank messaging system “would basically break the back of international payment traffic.... Calling SWIFT into question could be an atomic bomb for the capital markets and also for goods and services. We should leave SWIFT untouched. I would see massive economic setbacks

for our own economies if something like that happens. It would hit Russia, but we would be damaging ourselves considerably.”

NEW GLOBAL ECONOMIC ORDER

***Global Times* Provides Some Interesting Excerpts from Xi's Davos/WEF Speech**

Jan. 17 (EIRNS)—Among half a dozen notable excerpts from President Xi Jinping's special address to the 2022 World Economic Forum Virtual Session, which *Global Times* made available today, are the following:

“Amidst the raging torrents of a global crisis, countries are not riding separately in some 190 small boats, but are rather all in a giant ship on which our shared destiny hinges. Small boats may not survive a storm, but a giant ship is strong enough to brave a storm.”

A second excerpt might have been directed to Klaus Schwab personally, to show him the stupidity of contrasting poverty alleviation and better living standards, to “saving the planet”:

“We should never grow the economy at the cost of resource depletion and environmental degradation, which is like draining a pond to get fish; nor should we sacrifice growth to protect the environment, which is like climbing a tree to get fish.” (David Attenborough, think about it.)

And regarding the essential fight against the COVID-19 pandemic.

“China is a country that delivers on its promises. China has already sent over 2 billion doses of vaccines to more than 120 countries and international organizations. Still, China will provide another 1 billion doses to African countries, including 600 million doses as donation, and will also donate 150 million doses to ASEAN countries.”

The President's complete speech “[Forge Ahead with Confidence and Fortitude To Jointly Create a Better Post-COVID World](#)” is now available on the Foreign Ministry website.

GREEN 'GREAT RESET'

The WEF Solution to the Electricity Gap

Jan. 17 (EIRNS)—As the Davos Agenda 2022 opened today, the [World Economic Forum](#) (WEF) posted a video on its Facebook page at 11 a.m., promoting a manual washing machine as the solution for 70% of the world population who have “no access to electric washing machines.” The authors are obviously people who have never had to do their own laundry.

COVID-19 AND FAMINE

The Omicron Trifecta: More Cases, More in ICU, More Deaths

Jan. 17 (EIRNS)—Over the last week, new reported COVID-19 cases increased by 20% worldwide, from almost 2.5 million/day (on a 7-day average) on Jan. 10 to almost 3 million/day worldwide on Jan. 17. One hopeful development is that the United Kingdom, a persistent driver for several months, finally retreated somewhat last week, dropping from 141,400 to 106,000/day. Even though this is still a massive level—the equivalent of over 500,000/day in America—it is one modest piece of evidence for those hoping the United States might peak in one-to-three weeks.

Otherwise, France, the United States and Argentina, with several weeks of aggressive growth, slowed down to modest growth of around of 10-30%, respectively; while Omicron is making its presence known in sharper rises in Russia (16,000 daily infections to 21,600), India (122,100 to 238,900), Brazil (33,100 to 69,400), Colombia (21,900 to 30,400) and Mexico (19,300 to 34,700). With 806,900 cases/day, the United States is having to deal with work shortages across the board.

Hospitalizations in America are now setting historic records (beyond January 2021) with over 144,000 as of Jan. 14. However, while that is real stress on hospitals, the number includes patients admitted for non-COVID reasons, who then tested positive for COVID. That said, COVID-19 patients in ICUs, a telling measure as to the real effect of Omicron, are up

50% since Dec. 26. At the current net increase of 400-500/day, the present 24,700 level will climb to the historic high (around 28,500) in 8-10 days. COVID-19 deaths worldwide have risen by 12%, and in the United States by about 20%.

Vaccine Production Accounts for 20% of German GDP Growth in 2021

Jan. 17 (EIRNS)—The upturn in the German economy last year, as compared to the first pandemic year of 2020, when the economy was mostly at a standstill, would probably have been much less without the success of BioNTech with its COVID-19 vaccine. By at least as much as 0.5%, the now world-renowned Mainz-based company is likely to have contributed to gross domestic product growth, according to estimates by both the trade union-affiliated Macroeconomic Policy Institute (IMK) and the Kiel Institute for the World Economy (IfW). “There is a clear BioNTech effect,” IMK Scientific Director Sebastian Dullien told Reuters on Jan. 14.

Europe’s largest economy grew by 2.7% in 2021, according to a first estimate by the German Federal Statistics Office; without the BioNTech success, it would have only reached 2.2%. “I can’t remember a single German company ever contributing so much to growth,” Dullien said.

SCIENCE AND INFRASTRUCTURE

TASS Looks at the Future of Space Exploration, Research, and Colonization

Jan. 17 (EIRNS)—In a special multimedia feature “[Moon: First Contact](#)” outlining the history of Soviet and Russian lunar research missions, TASS points to three aspects that make continued lunar exploration years important and beneficial for mankind:

“Extract the rare helium-3 isotope, which is almost totally absent on Earth. The Moon’s resources of this element could supply humanity with energy for thousands of years.” Helium-3 is considered the most promising

fuel for thermonuclear fusion power, which would allow a reactor to directly produce electricity, rather than all forms of power production, including future fusion programs, which still rely on boiling water to run a steam turbine. The direct production of electrical power would allow thermonuclear fusion to be used to both provide power in spacecraft and also to as propulsion.

“Create a ‘reserve planet’ and a repository of human culture. This could come in handy in the event of a global catastrophe on Earth.

“Build a training base for testing flights and rocket launches into deep space, including to Mars.”