

## EIR Daily Alert Service

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## EDITORIAL

### **Can the City of London and Wall Street Win the Economic World War They Have Launched?**

March 16 (EIRNS)—Lyndon LaRouche once commented: My enemies can’t defeat me, because I never stop fighting. It were advisable to consider the question posed in the above headline from that voluntarist standpoint.

Over the last 24-48 hours, the British attempted to escalate their world war on both the economic and military fronts. March 16 was the day on which an \$117 million interest payment came due on foreign-held Russian government bonds—the first such payment since the U.S. and NATO imposed extreme sanctions on Russia, including stealing (“freezing”) about \$300 billion in Russian assets held in American banks. Reasonably, the Russian government ordered the interest payment to be made in rubles, suggesting that the ball was now in the U.S. court to free up some of the stolen money to allow those rubles to be converted into dollars and other hard currencies. At the end of the day, those assets were not unfrozen, and a 30-day grace period now begins, after which Russia will presumably be declared in formal default. That is intended to guarantee, as the bloodthirsty London *Guardian* announced, that “a full-blown collapse is almost inevitable” in Russia.

But not everyone in the British Establishment is quite so sanguine about their course of action. Some are worried that their war on Russia might cause the entire trans-Atlantic financial system to collapse. Others among them see the handwriting on the wall more clearly, and they understand that that collapse is unavoidable, but they are desperate at the prospect that their system will come crashing down *before* Russia and China can be forced to submit and surrender. The *Financial Times* warned its readers: “Be under no illusion. Russians will not be the only ones to suffer under Russian sanctions. The world should remember Lehman and brace for a global financial and economic shock.”

RT also reported that the scorched-earth sanctions were already disrupting the key Belt and Road rail routes between China and Europe—a central British objective—but that this is also having an unstoppable effect on the West itself, and could set off “an earthquake like never seen before,” after which “the global movement of goods and services will never be the same again.”

On the political-military front, Ukrainian President Volodymyr Zelenskyy addressed a joint session of the U.S. Congress—after doing the

same with the British House of Commons on March 8 and the Canadian Parliament on March 15—and he did everything in his power to get the United States to plunge headlong into a direct confrontation with Russia. Zelenskyy said he would like Ukraine to be allowed to join NATO (and thus be protected under its Article 5 clause), but absent that, he called for the creation of “an alliance of responsible countries that will have the strength and ability to immediately stop conflicts and provide all necessary assistance within 24 hours”—in other words, NATO without NATO. He also demanded the U.S. set up a no-fly zone over Ukraine—“that would constitute an act of war against Russia,” the EU’s top general, Claudio Graziano, warned—but absent that, he demanded a large increase in advanced military aid from the West.

Shortly after Zelenskyy had finished his address, President Biden obliged by announcing a new \$800 million aid package for Ukraine.

As the dangers escalate on all fronts, more and more voices around the world are being raised in an effort to stop the Doomsday Clock before it strikes midnight. Many are well intentioned and insightful, and are helping to mobilize political forces to that task. But none address the underlying cause of the crisis—the breakdown of the entire trans-Atlantic system—let alone provide a programmatic economic policy solution. And yet it is a fact that peace can only be achieved by drastically reshaping the world economic system; and it is equally a fact that the body of work provided by Lyndon LaRouche on that subject is the only available solution.

And so all of those voices, and thousands of others, should join the [Schiller Institute’s call](#) for a conference on a new international security and development architecture, built around LaRouche Four Laws of durable economic survival.

- Watch [Harley’s Updates](#) with Harley Schlanger on Thursday March 17, 2022: Every weekday morning on [The LaRouche Organization](#), Schlanger will give you the strategic briefing you need to start your day.

## STRATEGIC WAR DANGER

### **Putin Asks: ‘Who Will Answer for the Millions Dying of Hunger in the World’s Poorest Countries from Growing Food Shortages?’**

March 16 (EIRNS)—Russian President Vladimir Putin didn’t mince his words at the conclusion of a meeting today in the Kremlin on socioeconomic support for Russia’s regions. Directly addressing people in the West, Putin said:

“I want ordinary Western people to hear me, too. You are being persistently told that your current difficulties are the result of Russia’s hostile actions and that you have to pay for the efforts to counter the alleged Russian threat from your own pockets. All of that is a lie.

“The truth is that the problems faced by millions of people in the West are the result of many years of actions by the ruling elite of your respective countries, their mistakes, and short-sighted policies and ambitions. This elite is not thinking about how to improve the lives of their citizens in Western countries. They are obsessed with their own self-serving interests and super profits....

“To reiterate, the whole planet is now paying for the West’s ambitions and the West’s attempts to maintain its elusive dominance by any means possible.

“Imposing sanctions is the logical continuation and the distillation of the irresponsible and short-sighted policy of the U.S. and EU countries’ governments and central banks. They themselves have driven up global inflation in recent years, and with their actions caused rising global poverty and greater inequality across the world. The question now arises—who will answer for the millions who will die of hunger in the world’s poorest countries due to growing food shortages?

“Let me reiterate, the global economy and global trade as a whole have suffered a major blow, as did trust in the U.S. dollar as the main reserve currency.

“The illegitimate freezing of some of the currency reserves of the Bank of Russia marks the end of the reliability of so-called first-class assets. In fact, the U.S. and the EU have defaulted on their obligations to Russia. Now everybody knows that financial reserves can simply be stolen. And many countries in the immediate future may begin—I am sure this is what will happen—to convert their paper and digital assets into real reserves of raw materials, land, food, gold and other real assets which will only result in more shortages in these markets....

“Here is what I would like to point out. We must clearly understand that a new package of sanctions and restrictions would have been imposed on us no matter what. I want to emphasize this. For the West, our military operation in Ukraine is just a pretext for imposing more sanctions on us....

“To reiterate, these are just pretexts. The policy of containing and weakening Russia, including through economic isolation, a blockade, is a premeditated, long-term strategy. Western leaders are no longer hiding the fact that the sanctions are not directed against individuals or companies. Their goal is to deliver a blow to our entire economy, our social and cultural sphere, every family, and every Russian citizen.

“In fact, the steps designed to make the lives of millions of people worse have all the attributes of an aggression, a war by economic, political, and informational means, and it is of a comprehensive and blatant nature. Again, the West’s top political circles do not even hesitate to talk about it openly....

“In many Western countries, people are subjected to persecution just because they are originally from Russia.... One cannot help but remember the anti-Semitic Nazi pogroms in Germany in the 1930s, and then pogroms perpetrated by their henchmen in many European countries that joined the Nazi aggression against our country during the Great Patriotic War.”

### **Ukraine Neutrality Now on the Negotiating Table**

March 16 (EIRNS)—Ukrainian neutrality is now on the table at the peace negotiations between Ukraine and Russia. In comments to RBC, Russian

Foreign Minister Sergey Lavrov said: “Neutral status is now being seriously discussed along, of course, with security guarantees.... There are absolutely specific formulations which in my view are close to agreement.” Lavrov said that President Vladimir Putin had spoken about neutrality, along with security guarantees for Ukraine without NATO enlargement, as one possible variant in February, according to a report in Reuters. Lavrov cautioned that the negotiations were not easy but that there was “some hope of reaching a compromise.” Lavrov reiterated that the key issues for Russia in the talks are security for Donbas, Ukraine’s demilitarization, and the rights of Russian-speaking people in Ukraine.

Speaking about the negotiations, Ukrainian President Volodymyr Zelenskyy indicated yesterday that there is some progress. “The meetings continue. As I am informed, the positions in the negotiations sound more realistic. However, time is still needed for the decisions to be in Ukraine’s interests,” he said.

Russian presidential aide Vladimir Medinsky, the head of the Russian delegation, also voiced a note of cautious optimism. “The talks are hard and slow-going. Of course, we would like them to proceed much faster. It is Russia’s sincere wish. We want to achieve peace as soon as possible,” Medinsky said. “The negotiators’ main task is to search through the tremendous amount of complex issues to pick those on which agreement is possible, to rely on them, to include these points of agreement in the agenda and to gradually move forward step by step towards the end result that will suit our peoples—the conclusion of peace,” he said.

“Really, the striving of our state and the task set by the President is to achieve peace on Ukrainian soil, to see a peaceful, neutral and friendly state, which will not be NATO’s stronghold or a citadel of forces that wish to cause harm to our country,” he concluded.

### **Zelenskyy on Capitol Hill—Talking Peace and Waging War**

March 16 (EIRNS)—Ukrainian President Volodymyr Zelenskyy played on all the appropriate emotional strings (with no violin accompaniment) for a joint session of the U.S. Congress today, which gave him a standing

ovation both before and after the speech. Zelenskyy was addressing Congress by video from Kiev. House Speaker Nancy Pelosi, never one to miss playing the showman, greeted Zelenskyy, with “*Slava Ukraini!*” using the slogan meaning “Glory to Ukraine.” This was a catchword with Ukrainian nationalists during the Russian Civil War and became the slogan of the pro-Nazi followers of Stepan Bandera, in lieu of “Heil Hitler,” and has now been adopted by the Ukrainian government as its war cry.

Zelenskyy made comparisons to Pearl Harbor and to 9/11, in which America also was “attacked from the air,” saying that that is what Ukraine is experiencing today. “Our dreams are your dreams,” he went on, making a brief reference to Martin Luther King’s “I have a dream.” He reiterated his call for the U.S. to enforce a no-fly-zone over Ukraine, but acknowledged that if that was too much (as he realizes), he appealed to be given the aircraft and anti-aircraft weapons with which Ukrainians could protect themselves.

He also demanded that the U.S. increase sanctions against Russia, indeed, impose new sanctions every week as long as the war continues. He also repeated his demand that all U.S. companies leave Russia. And given that NATO membership for Ukraine is not in the cards, he said that there should be created an “association of responsible countries” capable of preventing wars immediately. “We propose to create an alliance of responsible countries that will have the strength and ability to immediately stop conflicts and provide all necessary assistance within 24 hours,” he said.

### **Chinese Scholars See Yang-Sullivan Meeting as a Net Gain for China**

March 16 (EIRNS)—Chinese scholars seem to be quite convinced that the “trap” that was being set by the U.S. in the March 14 meeting between Yang Jiechi and Jake Sullivan, was effectively up-ended by the stance of CPC Political Bureau member and top diplomat Yang. Sullivan went into the meeting to high-pressure China on its alleged “support” for Russia in its military operation in Ukraine, warning of repercussions if China didn’t distance themselves from Russia. And while the U.S. reported the exchange

as being “intense,” Yang effectively refuted the allegations, clearly explained the Chinese position and was able to focus the blame on the policy of the West preceding the Russian military moves, and calling the U.S. to task to exert their own efforts to achieve peace between the parties.

Yang also decisively refuted the stupid comments by U.S. Air Force Gen. **Kenneth Wilsbach** that he would teach China a lesson from the Ukraine situation about Taiwan. Yang made a clear distinction between the two situations, stating that Taiwan has been recognized, also by the U.S. as being a part of China, and that the U.S. should begin to act in accordance with that position, and with the commitment made by the two Presidents in their phone call last year.

“From this perspective, we can tell the Sullivan team has not talked with the Chinese side from a position of goodwill and it continued ramping up the pressure, forcing China to yield to its will. But I think they seriously underestimate China’s firm position,” Lü Xiang, a research fellow at the Chinese Academy of Social Sciences, told the *Global Times* on March 15. “No matter how much the U.S. attempts to bluff public opinion or threaten potential sanctions [on China], it won’t have any impact on the core interests of China,” said Lü Xiang. As a result, there is a general feeling that the U.S.-China relationship will weather whatever measures the U.S. might have in store for it.

“Not only did China’s position remain unchanged, but it also refuted the rumors and false information the U.S. was spreading. It means that the goal of the U.S. for this meeting has failed,” said Wu Xinbo, dean of the Institute of International Studies at Fudan University.

## COLLAPSING WESTERN FINANCIAL SYSTEM

### Will Russia Default on Its Foreign Debt?

March 16 (EIRNS)—Today was the deadline on a \$117 million interest payment on Russia’s foreign bonds, the first payment since Washington’s imposition of hellish sanctions on Russia in late February, which included

the “freezing” (read stealing) of about \$300 billion in Russian central bank reserves deposited abroad. Russian Finance Minister Anton Siluanov instructed a correspondent bank to pay the creditors in rubles, and he then put the onus on the U.S. to allow the conversion of those payments to dollars out of the stolen assets.

“The capability or incapability of meeting our obligations in foreign currency equivalent does not depend on us,” Siluanov stated. “We have the money, we have made the payment, now the ball is in the court, primarily, of the American authorities.” Siluanov has previously accused the West of trying to engineer an “artificial default” by stealing Russia’s funds.

The London *Guardian* turned to one of their stable of investment bankers, the doubly misnamed Victoria Scholar, the head of investment at Interactive Investor (the U.K.’s second-largest retail investment platform), to present their bloodthirsty policy: “The onset of war, Western sanctions, the exodus of international conglomerates and freefalling investor confidence have led to Russia’s downfall with its currency, financial system, and the wider economy in a state of ruin.... Although Russia technically has a 30-day grace period before an official default, a full-blown collapse is almost inevitable.”

Otherwise, default is considered a foregone conclusion. MarketWatch reported that a default has already been priced in by the market, noting that Russia’s sovereign dollar bonds are already trading at around 20 cents on the dollar. The biggest potential cost to Russia from a default is being locked out of global capital markets, MarketWatch wrote, or at least facing higher borrowing costs for a prolonged period. But, as one financial expert admitted, “sanctions have done that anyway.”

### ***Financial Times* Cautions the World Should ‘Brace for a Global Financial and Economic Shock’**

March 16 (EIRNS)—Writing in Inside Business Opinion in the *Financial Times* on March 14, Patrick Jenkins shows that some people in finance seem to be becoming aware of the harm they are doing themselves. The world should “brace for a global financial and economic shock,” Jenkins

advises in “Fall of Lehman Shows How Unpredictable Impact of Russian Sanctions Could Be.”

“Punishing Putin for his barbaric acts in Ukraine through stiff sanctions—on Russian companies, oligarchs and energy exports—is necessary and more than justified on moral grounds,” Jenkins argues. Of course, “There is some recognition that there will be blowback for the rest of the world—higher petrol prices, for example, and further inflation in domestic energy costs.

“But I am not sure the potential impact for the world outside Russia has been fully acknowledged. Most obviously, of course, it could provoke further military aggression from Putin. But other financial and economic consequences certainly stretch far beyond the petrol pump. The spiraling cost of wheat, grain, nickel and a host of other commodities is threatening the affordability of everything from daily bread to climate disaster mitigation.”

En route, they could “take out financial market operators, large and small, mainstream and marginal—witness the suspension of nickel trading at the Hong Kong-owned London Metal Exchange, amid huge losses suffered by China’s Tsingshan Holding.” Even worse, “Russian bonds may default in the coming days and weeks. Supply chains that involve Russian goods will be disrupted.”

Just how this crisis plays out “could prove harder to chart than even the 2008 collapse. Then, most risks were contained within a banking sector that was, theoretically at least, closely regulated. Banks this time look more robust, but murkier risks have mounted elsewhere, endangering less supervised parts of the financial system.

“A world that has been awash with free money under central bank policies to stem the full financial impact of 2008 and the Covid crisis looks more than a little vulnerable given how asset prices have been inflated and how debt levels have risen to new records. Be under no illusion: Russians will not be the only ones to suffer under Russian sanctions. The world

should remember Lehman and brace for a global financial and economic shock.”

## **The Anti-Russia Sanctions Will Unleash ‘an Earthquake Like Never Seen Before’**

March 16, (EIRNS)—“An earthquake like never seen before” is the characterization of the impact that the anti-Russia sanctions will have on the global economy, an article in RT observed yesterday. They report that the Belt and Road rail lines linking China with Europe—most of which pass through Russia or Ukraine—are already being hard hit.

“The China-Europe rail freight route that goes through Russia was seeing a boom last year due to congestion in major ports,” RT reported, “but now is suffering mounting cancellations from European clients. Sanctions on Russia are starting to wreak havoc on global trade, analysts say, pointing to devastating consequences for international importers.... Hundreds of tankers and bulk carriers have been diverted away from the Russian and Ukrainian ports in the Black Sea. Stranded at ports and at sea, the carriers are unable to unload their cargoes as a result of sanctions.”

RT further wrote that “experts say the Ukraine crisis and sanctions-caused strains could have an ‘earthquake like never seen before’.... The global movement of goods and services will never be the same again.” RT emphasized the wave of inflation that has already struck the West, with rates already at a nearly 40-year high. “Russia is a leading exporter of commodities, including grains, crude oil, natural gas, coal, all metals, minerals, rare earths, wood and plastics—all used worldwide in a range of products and by a multitude of industries from steelmakers to cars to electronics.”

The article concludes by assessing that Russia has already “banned exports of telecom, medical, auto, agricultural, electrical, and tech equipment, among other items, until the end of 2022. In total, more than 200 items were included on the export suspension list, which also covered railway cars, containers, turbines, and other goods. If Russia decides to cut

off oil and gas supplies to Europe, energy prices would skyrocket and the region's economy would plunge into recession.”

Russia's export bans for the moment are hitting friend and foe alike. They have banned grain exports to the countries of the Eurasian Economic Union (EAEU), in order to ensure domestic supplies. Late March 14, Prime Minister Mikhail Mishustin signed a decree that “Russia will not export wheat, rye, barley and maize to neighboring EAEU states until June 30,” according to RT.

“The world's largest wheat exporter, Russia, has seen its foreign sales plunge by nearly a third since the beginning of the 2021-2022 agricultural year (July 1, 2021) to March 10, due to a poor harvest, the Ministry of Agriculture said on Monday [March 14]. The country's overall grain exports also dropped, with barley deliveries dwindling by 34.7% to 2.9 million tons, and corn shipments falling by 21.7% to 1.8 million tons.”

### **The European Union Approved Its Fourth Package of Sanctions Against Russia**

March 16 (EIRNS)—Having shot themselves in the foot by cancelling the Nord Stream 2 pipeline for gas to Europe, and joining the U.S. in other drastic sanctions against Russia, the **European Council** yesterday shot themselves in the other foot by adopting a fourth package of sanctions.

Some of them are quite nasty against Russia; all of them will eventually boomerang against the energy-dependent EU as well. According to TASS, the March 15 statement of the European Council decided to “prohibit new investments in the Russian energy sector, as well as to introduce a comprehensive export restriction on equipment, technology and services for the energy industry, introduce further trade restrictions concerning iron and steel, as well as luxury goods.”

The restriction on steel imports from Russia will cost that country about €3.3 billion per year, the European Commission—not the same as the European Council—hopes.

## **Wang Yi Maintains Russian Sanctions Hindering Global Economic Recovery**

March 16 (EIRNS)—Chinese Foreign Minister **Wang Yi** told Dutch Foreign Minister **Wopke Hoekstra** in a telephone discussion March 15 that escalating sanctions against Russia are hindering global economic recovery. “The U.S. and Europe keep tightening sanctions on Russia. As for the difficult recovery of the global economy, it is like once again rubbing salt in the wound. Besides, it is causing undue damage to the well being of people in all countries,” Wang Yi said reported TASS. Wang was hopeful that “all parties will be able to make more efforts to facilitate peace talks rather than doing the opposite. The international community is looking forward to an early ceasefire. It is also in line with China’s hopes and expectations,” Wang Yi stated.

Wang Yi had similar comments in a March 14 phone discussion with Spanish Foreign Minister **José Manuel Albares**. According to RT, “he argued that to resolve the conflict legitimate security concerns of all involved parties should be addressed. While calling for peace and encouraging the belligerents to reach a ceasefire, Beijing adamantly condemned Western sanctions designed to punish Moscow for its military action.” Wang Yi told Albares: “China always opposes the use of sanctions to solve problems, let alone unilateral sanctions that have no basis in international law, as such moves will undermine international rules and harm the people’s well-being in all countries.”

## **U.S. POLITICAL AND ECONOMIC**

### **Biden Increases Military Equipment To Continue the War in Ukraine**

March 16 (EIRNS)—President Joe Biden responded to Volodymyr Zelenskyy’s address to the U.S. Congress within an hour, proffering a bill to provide \$800 million to Ukraine in additional military aid, bringing the total of U.S. military assistance to \$2 billion. The new package would include 800 anti-aircraft systems, 9,000 anti-armor systems, 7,000 small arms, including shotguns, hand grenades, 20 million rounds of ammunition,

and more drone systems. “This could be a long and difficult battle. But the American people will be steadfast in our support of the people of Ukraine in the face of Putin’s immoral, unethical attacks on civilian populations,” Biden said. The U.S. is also considering transferring S-300 Russian-made anti-aircraft systems with a longer range from other NATO countries like Serbia and Greece, which have these weapons in their arsenals.

Biden said that Putin would pay a heavy price and that more sanctions were on the way to increase pressure on the Russian leader. The military aid, he said, has also helped Ukraine “inflict heavy losses on Russia.”

## PANDEMIC AND FAMINE

### ‘Excess Deaths’ Three Times the Official COVID Count

Mar. 16 (EIRNS)—The world is now approaching 6 million official COVID-19 deaths in a bit over two years. However, during this same period there have been over three times that many “excess deaths”—that is, deaths above what would normally be expected—according to a new study published in *The Lancet*. The estimation of around 18.2 million “excess deaths” was based upon an analysis of data obtainable from 74 countries, of deaths from Jan. 1, 2020 to Dec. 31, 2021. Estimations for the countries without sufficient data at the time of the study were made based upon matching up their profile with countries amongst the 74. The results for that two-year period are compared with trends for the preceding period, up to 11 years—a so-called “normal” amount of deaths in a year.

While admittedly this “normal” is an approximation, the strength of the measurement is that, instead of arguing over different standards around the world for filling out death certificates, it is hard to argue about whether someone is dead or not. And a lot more people died in the last two years from what was merely attributed to COVID.

The study’s lead author, Haidong Wang, is from the University of Washington’s Institute for Health Metrics and Evaluation, an organization that specializes in such statistical studies. Generally, deaths from COVID,

as with influenza, can be overcounted if the deceased tested positive for COVID, but it was only an aggravating feature of the person's medical condition (and not the primary cause of death). However, it is easily undercounted in a world sorely deficient in health infrastructure; and, in particular, everywhere that COVID testing capacity is lacking. There are other factors, such as in rural areas of India, where quick disposals of the body via, e.g., cremation defeated an overly-stretched medical capacity. India had 4.1 million of the 18.2 million excess deaths, eight times the 515,000 COVID deaths that have officially been reported.

Regions of the world that had the highest numbers of excess deaths were South Asia, North Africa, the Middle East, and Eastern Europe. The U.S. and Russia had 1.1 million excess deaths apiece, with the U.S. reporting 968,000 official COVID deaths and Russia 351,000. However, measured as the rate of excess deaths per population, the worst cases included Russia (374.6 per 100,000), Mexico (325.1), Brazil (186.9) and the U.S. (179.3). The excess death figure would have been worse, but for the countervailing factors of declines in car fatalities and flu deaths.

Beyond the study itself lies a matter, not of how many more deaths were attributable to the coronavirus, but of the underlying factors of poverty, malnutrition, poor sanitation and such, that speak both to the vulnerability to viral pandemics and to other causes that appear on death certificates—such as heart attacks, suicides, etc. Addressing the economics of good healthy living conditions addresses both matters.