

## EIR Daily Alert Service

P.O. BOX 17390, WASHINGTON, DC 20041-0390

- Finish Taking America's Presidency Back from the British Empire; LaRouche's Legacy Is Key
- Trump Heartily Endorses Barr Investigation of Spying on Campaign
- Trump-Moon Meeting Is Positive on North Korea, as Trump Thanks Russia, China for Their Role
- Malaysia's Dr. Mahathir Has Renegotiated the East-West Rail Development with China
- Sri Lanka Opens Chinese-Built and -Financed Railroad
- Hungary's Orbán Optimistic about Belgrade-Budapest Rail Project
- OPIC Alliance among U.S.A., Canada, and EU Formed To 'Counter' Belt and Road
- Zepp-LaRouche Urges Trump To Look to China Investment Corp. for Joint BRI Investment
- Derivatives Clearinghouses Ready To Spread Defaults in a Crisis
- Will Trump Sign Yemen War Powers Resolution? Who's Blocking It?
- Shultz, Nunn, Perry Call for Reestablishing U.S.-Russia Strategic Dialogue
- *Global Times* Affirms, the World Is Beginning To See the Need for State-Led Research

## EDITORIAL

### **Finish Taking America's Presidency Back from the British Empire; LaRouche's Legacy Is Key**

April 14 (EIRNS)—President Donald Trump's approval rating among the American population has risen as the "Russiagate" coup attempt against him has been discredited; with Attorney General Barr's delivery of the Mueller Report to Congress expected this week, investigation of the frauds of the "Russiagaters" can take off in earnest. The crucial events go much deeper than that.

The President apparently understands, if he does not yet proclaim it in his own name, what his key supporters know: that the drive to force him out came from British intelligence, because of his intent to turn American policies from geopolitics to economic cooperation and peace. Presidents since Truman, with the brief exceptions of JFK and Ronald Reagan's SDI, have been under overall British imperial policy control since World War II.

With Trump's inauguration a battle began to end that dismal reign over the U.S. Presidency, of Churchillian cold wars, regime-change wars and geopolitics. It began immediately with the rush by the Obama holdover intelligence chiefs to trap President Trump in the British intelligence-created "Russiagate." The battle is still underway and the President could win.

But, it has been necessary from day one that the truth about the much more vicious prosecutorial and propaganda attack on Lyndon LaRouche, by the same British-led forces, had to be clarified—LaRouche exonerated—and his national and international development policies taken up. LaRouche had conducted a nearly 40-year fight for the American Presidency. He repeatedly stood as a candidate but with the broader aim throughout, of representing the real American System and the real American character to many nations, as opposed to the "British imperial" character those nations had seen since Britain seized poor Truman. By becoming the leading statesman of international development programs and great infrastructure

projects for the world, LaRouche was *the* hated adversary of the British Empire.

A campaign to exonerate LaRouche, gathering support internationally, will accelerate over the next two months leading into an American memorial for him in June, following extraordinary expressions of respect and appreciation for him already from senior South American statesmen in a memorial there last week. Its theme is “the triumph of Lyndon LaRouche.” An exoneration pamphlet is being produced setting forth his legacy. Its mission is to allow President Trump to act to exonerate LaRouche, and thus defy and break the grip of the British imperial paradigm on the Presidency at last.

The President’s recent Moon-Mars mission decision is recognized as a ground-breaking new potential for American optimism and progress—but also, for scientific and technological cooperation with the other spacefaring powers. Trump wanted great-power cooperation with Russia and China, as with India and Japan; “Russiagate” has blocked him; and now waves of anti-China propaganda are coming from the major media; from both political parties; from his own executive.

The Moon-Mars mission is vital. LaRouche’s movement will also be producing materials on the scientific and technological breakthroughs needed, the educational policies, international cooperation, and funding, employing LaRouche’s ideas to answer the question: Can humans return to the Moon in 2024?

This is the way President Trump’s other goal, to build a “shining new infrastructure for America,” can get underway. The attacks on China are an obstacle, and false. The genius of Lyndon and Helga LaRouche has shown that the historic “American System,” and China’s Confucian tradition, are both aspects of the paradigm of human progress which has to end Britain’s imperial paradigm.

## U.S. POLITICAL AND ECONOMIC

### Trump Heartily Endorses Barr Investigation of Spying on Campaign

April 12 (EIRNS)—President Donald Trump said yesterday that he “absolutely” believes there was “unprecedented” spying on his campaign, after Attorney General William Barr stated that April 10 in testimony on Capitol Hill.

Trump said today, at his White House joint media event with South Korean President Moon Jae-in, that “I think what he [the Attorney General] said was absolutely true. There was absolutely spying into my campaign. I’ll go a step further. In my opinion it was illegal spying, unprecedented spying, and something that should never be allowed to happen in our country again. And, I think his [Barr’s] answer was, actually, a very accurate one, and a lot of people saw that—and a lot of people understand; many, many people understand the situation and want to be open to that situation. Hard to believe it could have happened, but it did. There was spying in my campaign, and his answer was a very accurate one.”

President Trump continued to state that the origins of the investigation of his 2016 campaign should be investigated, calling it “treason,” and a “disservice to our country” not to look into it.

President Trump was commenting on Attorney General William Barr’s statements during a Senate Appropriations subcommittee hearing April 10 examining the FBI’s efforts to investigate members of the Trump campaign before the 2016 election.

At that hearing, Attorney General Barr replied to questioning, “I think spying did occur. But the question is whether it was predicated adequately predicated,” Barr testified. “I’m not suggesting it wasn’t adequately predicated, but I need to explore that. I think it’s my obligation. Congress is usually very concerned about intelligence agencies and law enforcement agencies staying in their proper lane.” Barr said that by “spying” he meant he was looking into whether “improper surveillance” occurred in 2016. “I

think spying on a political campaign is a big deal. It's a big deal," Barr said, *The Hill* reported.

### **Trump-Moon Meeting Is Positive on North Korea, as Trump Thanks Russia, China for Their Role**

April 12 (EIRNS)—At a joint press briefing yesterday before the White House meeting between South Korean President Moon Jae-in and President Donald Trump, both leaders expressed strongly positive views of their collaboration on resolving the situation with North Korea. In addition, it was notable that at the end of Moon's statement of support for working with the United States, Trump, after thanking Moon, interjected, "I have to go just one step further and I want to thank China, who's really helped us a lot at the border. I also want to thank Russia because they have helped us, and they've helped us quite a bit more than people think, at the border. So both China and Russia have really been quite good. That doesn't mean they can't get better, but they've been quite good at the border. And I just want to thank both of those countries. As we've said, a lot of progress has been made. We will have further dialogue and I look forward to it."

Trump said in his opening remarks that "Kim Jong Un has been really somebody that I've gotten to know very well and respect and, hopefully—and I really believe that, over a period of time, a lot of tremendous things will happen." He responded to a question later, in part: "North Korea has potential as great as anything I've ever seen in terms of potential. They have an unbelievable location—surrounded by sea on two sides, and on the other side, Russia, China, and over here, South Korea. You just can't do better than that. And they have magnificent land. It has tremendous potential."

Regarding the sanctions on North Korea, Trump left them as is, replying, "No, we want sanctions to remain in place. And frankly, I had the option of significantly increasing them. I didn't want to do that because of my relationship with Kim Jong Un. I did not want to do that...."

When a reporter attempted to ask about whether Trump would "accept a smaller deal to 'keep the process going,' as President Moon called it,"

attempting to differentiate this from an all-or-nothing big deal, Trump closed out the media exchange, saying, “I’d have to see what the deal is. There are various smaller deals that maybe could happen. Things could happen. You can work out, step by step pieces. But, at this moment, we’re talking about the big deal. The big deal is we have to get rid of the nuclear weapons.” Trump had earlier told a reporter that he and Moon would discuss the possibility of approving food shipments and humanitarian aid to North Korea.

## THE NEW GLOBAL ECONOMIC ORDER

### Malaysia’s Dr. Mahathir Has Renegotiated the East-West Rail Development with China

April 13 (EIRNS)—Another prime case of the “debt trap” lie, used to demonize China, has been blown away by Prime Minister Mahathir Mohammad in Malaysia. From the beginning of his return to leadership in 2018 (after having retired as Prime Minister in 2003 after 22 years in office), he openly declared that the problem with the rail and other contracts with China negotiated by the disgraced former government under Najib Razak was not China’s fault, but was due to the corruption of Najib. His confirmation didn’t stop the China-bashers from declaring Malaysia a case of China’s allegedly evil use of debt to take over nations.

Yesterday, Dr. Mahathir announced that he and his long-time economic collaborator Daim Zainuddin had renegotiated the East-West Railroad construction contract, reducing the price by about one-third, while also cutting off a 40 km stretch along the east coast. The rail line will still connect the west coast to the east coast (the east coast is less developed than the west), over a 648 km line.

Dr. Mahathir was one of the first heads of government to announce that he would attend the Second Belt and Road Forum for International Cooperation in China at the end of this month.

## **Sri Lanka Opens Chinese-Built and -Financed Railroad**

April 13 (EIRNS)—Sri Lanka, which has been used by the China-bashing mob as the primary example of China’s evil “debt trap” diplomacy, doesn’t seem to have gotten the message. Instead, they continue to look to China as a leading source of funds and technical support to develop their country.

The Sri Lankan government on April 8 opened a new railroad connecting two southern cities, Matara and Beliatta, financed by the Export-Import Bank of China, and constructed by China Railway Group 5 (CR5) and Sri Lanka’s Central Engineering Consultancy Bureau (CECB). The 26.75-km long railway was proudly declared open to the public by Transport and Civil Aviation Minister Arjuna Ranatunga in the presence of Finance Minister Mangala Samaraweera and other parliamentarians.

This is the first railroad to be built in Sri Lanka since 1948, the year of its independence from the British Empire! It includes the two longest railway bridges, of 1.5 km and 1.04 km, respectively, and the longest railway tunnel and the most modern rail station buildings in the country.

Debt trap? In spite of all the media claims that Sri Lanka is in “debt trap,” which the Schiller Institute showed are a lie in “Why China’s ‘Debtbook Diplomacy’ Is a Hoax,” Sri Lanka and China continue to cooperate around new infrastructure projects, like this railway. How could a poor country, burdened with IMF and World Bank debt, come out of this trap and end its poverty without modern infrastructure—transport, power, water management, education and healthcare?

## **Hungary’s Orbán Optimistic about Belgrade-Budapest Rail Project**

April 13 (EIRNS)—Construction contracts in connection with the upgrade of the Budapest-Belgrade railway line could soon be signed, Prime Minister Viktor Orbán said on April 12 after meeting with Serbian Prime Minister Ana Brnabic and China’s Li Keqiang on the sidelines of the China-Central and Eastern Europe Countries 16+1 heads of government summit in Dubrovnik.

Orbán said that cooperation between China and the CEEC region “serves true European values with regard to the deep and comprehensive changes in the global economy and global politics,” and that countries in Central and Eastern Europe build their policies “on common sense and rationality,” on a basis of mutual respect, which is reflected in the successful and multi-faceted cooperation with China. He pointed out that this year Hungary and China are celebrating the 70th anniversary of their establishing diplomatic ties.

Concerning the railway project, being implemented with Chinese participation, Orbán said that it will offer the fastest way to transport goods between China and Western Europe. The project is an integral part of the Belt and Road Initiative. Orbán said hopefully similar projects such as the construction of a high-speed railway link between Budapest and Bucharest would follow in the future.

### **OPIC Alliance among U.S.A., Canada, and EU Formed To ‘Counter’ Belt and Road**

April 12 (EIRNS)—The Overseas Private Investment Corporation (OPIC), a financing arm of the U.S. government, is scrambling to put together a U.S. entity with Canada and the EU which could offer emerging economies a development alternative to China’s Belt and Road Initiative (BRI), Owen Churchill reports in today’s *South China Morning Post*. The move will inevitably be seen as a reaction to the BRI being joined by its first G7 member nation, Italy, last month, the he observes.

Yesterday the OPIC, created in 1971, entered into a trilateral agreement with Canada and the EU, in a pact signed by OPIC’s acting President David Bohigian, Nano Kleiterp of the 15-member European Development Finance Institutions, and Paul Lamontagne of FinDev Canada. Its purpose is “to advance shared development objectives and underscore the participants’ commitment to providing a robust alternative to unsustainable state-led models,” OPIC said.

The U.S. trilateral agreement with the EU and Canada is the second such agreement signed. OPIC entered into a similar partnership with Japan

and Australia late last year “as part of a whole-of-government push to protect the economic and sovereign rights of the countries in the Indo-Pacific region,” Churchill reports. The new agreement allows the three to consult on where to invest and the monitoring of projects.

China’s BRI, now in its sixth year, has concentrated on building infrastructure projects in transport, telecommunications and energy in Asia, Africa, Europe, and Ibero America.

OPIC head Bohigian said that OPIC is committed to development financing that protects the sovereignty of the host nation, the environment, local job creation, transparency and is long-lasting. While not naming China, Bohigian said, “We’re trying to hold up an example for the world of the way that development finance should work.”

OPIC’s powers are set to be increased in the U.S. government’s next budget cycle to \$60 billion, up from \$29 billion, under the 2018 BUILD act, and will absorb some staff from the U.S. Agency for International Development, and change its name to the U.S. International Development Finance Corporation.

### **Zepp-LaRouche Urges Trump To Look to China Investment Corp. for Joint BRI Investment**

April 14 (EIRNS)—Helga Zepp-LaRouche, president of the International Schiller Institute, urged in a tweet yesterday that U.S. President Trump “should put it on the agenda: The China Investment Corporation (CIC), the manager of a part of China’s foreign exchange currencies (\$), is out for foreign partners in joint funds for infrastructure and industrial investments related to the Belt and Road.”

Mrs. LaRouche’s tweet links to an article in the *China Daily* of March 18, announcing that CIC, China’s sovereign wealth fund, “is seeking global partners to jointly establish a special cross-border investment instrument which will further finance Belt and Road projects. ... ‘We call it the Belt and Road cooperation fund,’ Tu Guangshao, CIC vice-chairman and president, said in an exclusive interview.”

Mr. Tu said, “The fund will be a new way to inject capital into BRI projects, facilitate international cooperation and share mutual benefits,” *China Daily* reported. A cooperation fund usually selects projects and makes investment decisions based on all shareholders’ common interests.

Mrs. LaRouche, with her husband, the late Lyndon H. LaRouche, Jr. advanced the concept of a “Productive Triangle” spreading from Germany after the Fall of the Berlin Wall, and then developed this idea into the “World Land-Bridge,” which is now being paralleled in China’s Belt and Road Initiative.

## COLLAPSING WESTERN FINANCIAL SYSTEM

### Derivatives Clearinghouses Ready To Spread Defaults in a Crisis

April 14 (EIRNS)—The Bloomberg News posted an editorial April 10, warning that international derivatives clearinghouses, set up by the major banks and the London Stock Exchange, now handle (and supposedly insure) one-third of credit derivatives contracts. The editorial, “Derivatives Are Still Too Dangerous,” describes how these clearinghouses have actually intensified, rather than ameliorating, the danger of a financial derivatives blowout in reaction to debt defaults.

The clearinghouses can become central concentrators of risk, and contagion of it to the general markets, if they do not have enough capital to guarantee large numbers of defaults on derivatives contracts in a crisis. And in fact, the big Wall Street and City of London banks have been unable or unwilling to capitalize these clearinghouses anywhere near sufficiently to handle waves of defaults.

“The evidence isn’t encouraging,” the editors wrote. “Once collateral (also known as margin) is depleted, there’s not much cushion. Guarantee funds, prepaid by all customers, typically amount to less than 10% of total collateral.... Late last year, a single default in the Nordic power market burned through two-thirds of a Nasdaq clearinghouse’s guarantee fund.... If the clearinghouses’ owners [London and Wall Street banks] have so little

skin in the game, competing for business will tend to take precedence over ensuring that customers post adequate collateral.”

What they mean is that financial derivatives contracts typically involve some collateral put up by one or both of the counterparties. But the four major clearinghouses’ capital adds less than 10% to this collateral already behind the contracts: \$26 billion compared to \$325 billion.

So the demands for backup payment in a wave of derivatives defaults will fall on the very same big banks which created the clearinghouses; and these banks in thousands of cases will also be the counterparties which are either demanding payment or defaulting on it!

Pam and Russ Martens in their “Wall Street on Parade” column have recently shown that for *all* derivatives, 90% or more are over-the-counter with no clearinghouse “guarantee” at all, not even the fake one which Bloomberg says covers one-third of credit derivatives.

This overall situation is one reason why Italian officials have warned that an economic slump, through corporate default waves, could soon cause a financial blowout, rather than the other way around.

## STRATEGIC WAR DANGER

### Will Trump Sign Yemen War Powers Resolution? Who’s Blocking It?

April 14 (EIRNS)—A report in the *Washington Examiner* today says that backers of the War Powers Resolution on Yemen, passed by both Houses last week, have been trying to meet with President Donald Trump to urge him to sign it. White House staff, according to the paper, have been stonewalling a response, and have recommended a veto to the President. Trump, however, responded to the resolution’s passage April 10 by calling it a “very serious” matter, and promising he would have more to say at a later point.

Rep. Ro Khanna (D-WI), one of those trying to meet with Trump, told the *Examiner*, “I think his advisors are at odds with where he is.... Advisors in the administration have their own interests and may not be giving him

the full picture.” Another, Matt Gaetz (R-FL) told VICE News, “The President’s a dove. He has dovish tendencies. I think that if we get some time with him, we can make our argument about how the war in Yemen runs afoul of the Trump doctrine.”

Other sponsors who signed a letter requesting a meeting were Republican Senators Rand Paul and Mike Lee, and Rep. Thomas Massie, as well as Independent Sen. Bernie Sanders. Khanna said, “I really believe if Rand Paul, myself, Matt Gaetz and Mike Lee got in a room with him, we would persuade the President. The challenge is, are his advisors going to allow us to do it?”

### **Shultz, Nunn, Perry Call for Reestablishing U.S.-Russia Strategic Dialogue**

April 13 (EIRNS)—Former Secretary of State George Shultz, former Sen. Sam Nunn (who chaired the Armed Services Committee) and former Secretary of Defense William Perry warned in an op-ed published in the *Wall Street Journal* on April 11 that a “bold policy shift” is needed to get the U.S. and Russia out of “a dangerous policy paralysis that could lead—most likely by mistake or miscalculation—to a military confrontation and potentially the use of nuclear weapons for the first time in nearly 74 years.” Without such a policy shift “our nations may soon be entrenched in a nuclear standoff more precarious, disorienting and economically costly than the Cold War.”

At the heart of their warning is that fact that there is no strategic dialogue between the United States and Russia to speak of, and without such dialogue, a nuclear blunder or nuclear terrorism become much more likely. Those threats are compounded by the rising risks of cyberattack on nuclear command and control systems and by the fact that U.S. and Russian military forces are operating in close proximity, such as in Syria—“increasing the risk that an act of aggression, followed by an accident or miscalculation, will lead to catastrophe.”

Missing from their warning, and indeed most such statements from other sources, is the need to rise above the East-West division of the world

characteristic of the Cold War. Shultz, Nunn and Perry are responding on the same axiomatic basis by which, during their public careers, they acted to maintain “stability” between the U.S. and NATO on the one side, and the Soviet Union and the Warsaw Pact on the other, and they make this explicit by their reference to the various Cold War crises, such as the Cuban Missile Crisis, during which that stability almost collapsed. What their polemic lacks is the urgent necessity repeatedly posed by Lyndon LaRouche that the U.S. and Russia—and China—end the imperial division of the world into East and West, and join in a new paradigm for advancing the common aims of mankind.

Instead, they propose a number of steps to address the danger and reduce the risk of a nuclear confrontation. The first step they propose is that Nancy Pelosi and Mitch McConnell convene a bipartisan panel of legislative leaders to work with the administration on strengthening the North Atlantic Treaty Organization (!), and renewing dialogue with Russia, modeled on a similar panel that existed in the 1980s. Secondly, President Donald Trump and Russian President Vladimir Putin should announce a joint declaration reaffirming that a nuclear war cannot be won and must never be fought, like that of 1985 by Reagan and Gorbachev. “Third, the U.S. and Russia must discuss a broad framework for strategic stability—including increasing decision time for leaders—in a period of global destabilization and emerging military technologies.”

## SCIENCE AND INFRASTRUCTURE

### ***Global Times* Affirms, the World Is Beginning To See the Need for State-Led Research**

April 13 (EIRNS)—*Global Times* takes note that the Western nations are beginning to set up special funds to support fundamental research. They write: “A new trend in the world economy is emerging, as national industrial strategies are mapped out across major countries, ranging from the U.S. and Germany to Japan and South Korea. Many nations have

attached importance to state-led research and development (R&D) plans to advance their competitiveness in the global cutting-edge technology race.”

This is often described as a response to “China’s state-owned enterprises and state-led research projects” which are “disrupting market competition and posing a threat to national security.” But that, they continue, “misses the big picture of cutting-edge innovation in today’s world.” The reality is, they correctly state: “Most cutting-edge innovation costs a fortune, and it’s based on breakthroughs in the field of basic science. Only a government is capable of mobilizing the money and human resources to drive such innovation.”