

## EIR Daily Alert Service

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## EDITORIAL

### China's Peace Plan for Ukraine Must Promptly Go on the World's Agenda

March 22, 2023 (EIRNS)—Russian President Vladimir Putin and Chinese President Xi Jinping wrapped up two-days of intense summit meetings in Moscow on Wednesday, March 22, and announced a fruitful strengthening of their bilateral relationship on all fronts, along with a call for the international community to recognize that, “to settle the Ukraine crisis, the legitimate security concerns of all countries must be respected,” as their Joint Statement on strategic issues asserted. The two leaders stated that it

was necessary to “update and improve the international security architecture,” and they specifically called for urgent consideration of [China’s 12-point peace proposal for Ukraine](#).

They soberly warned of the risk of nuclear conflict, reiterated their commitment “that there can be no winners in a nuclear war and it must never be unleashed,” and called on the other Five Nuclear-Weapon States signatories to that public affirmation—the United States, France and the United Kingdom—to “follow its key postulates in practice, including effectively reducing the risk of a nuclear war and any armed conflict between states possessing nuclear weapons.”

To say that China’s 12-point peace plan for Ukraine fell on deaf ears in Washington, would be far too positive a reading. Before it was even made public, Secretary of State Blinken had dismissed the proposal out of hand. In comments about Xi’s visit to Russia, Blinken said the Chinese leader was just providing political cover to a discredited and isolated Putin, and that the only thing Xi should have told Putin was to withdraw from Ukraine. National Security Council spokesman John Kirby said that Xi just “keeps parroting the Russian propaganda that this is somehow a war of the West on Russia.”

The U.S. and U.K. put teeth in their war-mongering response by announcing that the British would be sending Ukraine “ammunition including armor piercing rounds which contain depleted uranium,” while four members of the U.S. Congress began agitating for the Biden Administration to send cluster munitions to the Kiev regime.

This desperate urgency to continue the war from the NATO side can only be explained by the fact that there is a lit fuse on the entire trans-Atlantic financial system. As Lyndon LaRouche frequently explained, it is the breakdown collapse of the Western financial system which is the driving force towards war.

In Europe, the bailout of Switzerland’s Credit Suisse over the weekend has failed to contain the contagion in the banking system, and CS’s derivatives holdings are inextricably intertwined with “counterparties”

among the major banks on the U.S. side. In the United States, First Republic Bank is following in the steps of Silicon Valley Bank and is teetering on the edge of bankruptcy, while the Treasury and FDIC are again poised to bail out the entire bankrupt banking system—at taxpayers' expense, just like 2008, only far worse.

As Helga Zepp-LaRouche stated in her weekly webcast, and in follow-up discussions with associates, the destruction of the physical economies of entire developing sector nations; the driving of countless millions of Americans into penury, drugs and despair; the endless wars of aggression which, like the Iraq War, have been based on lies and deceit, simply have to end now. “The buck stops here; enough!” Zepp-LaRouche insisted. “We either act, or we will all end up like Haiti, like Afghanistan, like Syria.”

The nations of the Global South, along with angry citizens of the United States and Europe, have to insist that China's peace plan for Ukraine must promptly go on the world's agenda, and that the response to the financial meltdown must be the convening of an emergency international conference to implement [Lyndon LaRouche's Four Laws](#), and not another deadly bailout.

- Watch [Harley's Updates](#) with Harley Schlanger on Thursday March 23, 2023: Every weekday morning on The LaRouche Organization, Schlanger will give you the strategic briefing you need to start your day.

## NEW STRATEGIC AND ECONOMIC ARCHITECTURE

### Vladimir Putin and Guest Xi Jinping Summarize Their Summit

March 22, 2023 (EIRNS)—Russian President Vladimir Putin and visiting Chinese President Xi Jinping spoke at length with the media, after their full day of meetings at the Kremlin yesterday, culminating a three-day state visit. Putin explained that, in addition to his one-on-one meeting with Xi, the two sides had held meetings both in the “limited format” (just a few top policy advisers for each side) and in the “extended format” (with a larger

group of officials); signed two joint statements, which Putin characterized as “major conceptual documents”; and held a state dinner.

Putin’s comments to the media were extensive and wide-ranging, but his remarks about economic cooperation, excerpted here, were particularly noteworthy:

“Expanding settlements between our countries in national currencies is a serious incentive for promoting trade and investment cooperation. As of the end of the first three quarters of 2022, the share of the ruble and yuan in mutual commercial transactions reached 65% and continues to grow, which allows us to protect mutual trade from the influence of third countries and negative trends on global currency markets....

“Interaction on peaceful nuclear power is progressing successfully. Russia is helping build nuclear power plants in China: the construction of units 7 and 8 at the Tianwan NPP and units 3 and 4 of the Xudabao NPP is on track, to be completed as scheduled. The implementation of the Long-term Cooperation Program that was signed during the visit by Rosatom and the China Atomic Energy Authority will help strengthen partnerships in this area.

“We attach great importance to the further strengthening of bilateral industrial cooperation... Major joint projects are being implemented in civil aircraft and helicopter production, non-ferrous metallurgy, space exploration, biotechnology and pharmaceuticals, as well as other science-intensive areas....

“Let me note in this context that in general Russia and China intend to actively develop international transport and logistics corridors. The idea is to make greater use of the potential of the Trans-Siberian and Baikal-Amur Railways, the Northern Sea Route, and multi-lane trans-Asian highways, to guarantee their stable operation together, and to make the transportation of goods and passengers more efficient....

“When discussing topical international and regional problems, the President and I affirmed that Russia and China’s views on them are identical or very close....

“We consider it important to continue to maintain close coordination within the Shanghai Cooperation Organization and BRICS, to work in conjunction with the G20, APEC [Asia Pacific Economic Cooperation Forum] and many other multilateral platforms, and, of course, to continue efforts to link integration processes within the EAEU [Eurasian Economic Union] and the Chinese Belt and Road Initiative with an eye to creating the Greater Eurasian Partnership in the future.”

Putin also issued a sharp warning on the direction that the Ukraine crisis is taking: “It seems that the West really has decided to fight Russia to the last Ukrainian—no longer in words, but in deeds. But in this regard, I would like to note that if all this comes to pass, then Russia will have to respond accordingly. What I mean is that the collective West is already starting to use weapons with a nuclear component.”

## STRATEGIC SHOWDOWN

### **Ryabkov Reports on Russia and China’s Call for U.S. To De-escalate**

March 22, 2023 (EIRNS)—Speaking to reporters today about the conclusion of Chinese President Xi Jinping’s visit to Moscow, Russian Deputy Foreign Minister Sergey Ryabkov demanded that the U.S. and NATO stop escalating the Ukraine crisis.

“Addressing our strategic adversaries [i.e., the U.S. and NATO], the leaders of Russia and China are calling for a de-escalation, a stabilization, and a return to dialogue while seeking a balance of interests and strategic stability,” Ryabkov said. “But the United States has rejected the need for dialogue with Russia, specifically on strategic stability.”

Referring to documents of the meetings between Russian President Vladimir Putin and Chinese President Xi Jinping, he said: “The documents adopted during the visit contain the most essential statements, including

those on the inadmissibility of unleashing a nuclear war or deploying nukes outside national territory. This is a direct message to the United States,” he emphasized, reported TASS.

He added that the documents make clear to the U.S. that its attempts to not just deploy tactical nuclear weapons in Europe but upgrade them for NATO’s more enhanced integration in the sphere through holding joint nuclear drills, are “the opposite path” to what’s needed.

In answer to a question by TASS on continuing U.S. escalation in Ukraine, Ryabkov replied, “We call on the U.S. side not to escalate,” adding: “They consider supplying the Kiev regime with even more lethal, longer-range, modern sophisticated systems. Thus, the United States once again shows itself as a party directly involved in the conflict.” He also pointed out that the U.S. Congress didn’t even realize “what consequences such an initiative could lead to for the security of the U.S.-led NATO and for any chances of potentially normalizing relations with Washington.”

As for arms control talks between Russia and the United States, they are non-existent, he stated. “There are simply no negotiations in the literal sense of the word. And they are absent due to the fact that the U.S. has such a destructive position, the position of denying the need for dialogue with Russia, in particular on strategic stability,” he said.

When asked if Russia believes it is essential to include China in arms control talks, Ryabkov responded: “Where do you see these talks?” He mentioned the current format of the “nuclear five,” where experts met not long ago. “They [experts] talked about lowering nuclear risks. There are well-defined formats for discussing doctrinal elements of nuclear weapons. This is significant, valuable, and beneficial, and the People’s Republic of China is fully involved in it. Some time ago, China came forward as a coordinator of this effort in this format.”

On March 21, in an interview with Channel 1, Ryabkov vowed that Russia will not allow NATO to become the world’s dominant power, TASS reported. “NATO is seeking to change the balance of power for its own benefit, claiming global hegemony. We will not permit it to do so,” he said.

“This is the rationale for strengthening our cooperation with China, including in the area of security.... And, this is the rationale for our decision to suspend the New START Treaty.”

“Should anyone in the West be willing to come to an understanding, then we would be seeking to balance these interests,” Ryabkov added. “But we see nothing of the kind. We see [only] attempts to impose unilateral approaches on us, on China, and on all others.”

### **U.S. Snarls, Whines About Xi-Putin Meetings, as China’s Foreign Ministry Hits Back Hard**

March 22, 2023 (EIRNS)—The White House, the State Department, and National Security Council Communications Director John Kirby spent March 20 and 21 snarling, whining and pontificating about Chinese President Xi Jinping’s state visit to Moscow. There were many variations on one basic theme—that Xi isn’t serious about bringing peace to Ukraine, he should be honest and tell Vladimir Putin to withdraw from Ukraine if he really wants to be constructive, and, as Secretary of State Tony Blinken put it, was only in Moscow to provide political cover for Putin, who’s been discredited because of the arrest warrant issued for him by the (quite discredited) International Criminal Court.

In two separate briefings, March 20 and 21, [John Kirby](#) was quite beside himself, intent on disabusing anyone of the idea that Putin and Xi had seriously discussed a peace proposal for Ukraine. Everyone knows that Russia is the culprit, violating international law and the UN Charter, he ranted, going on to repeat the litany of Russia’s alleged crimes—bombing hospitals, launching Iranian drones into civilian infrastructure, deporting Ukrainian kids, putting them in “filtration camps,” and on and on.

If China wants to play a constructive role, he lectured, it should get Russia to cease all this and get out of Ukraine. How could Putin call Xi “impartial” and “constructive” on Ukraine? Xi “flew all the way to Moscow,” but he didn’t meet or call Zelenskyy, and just “keeps parroting the Russian propaganda that this is somehow a war of the West on Russia.”

Putin is isolated, he has no friends, he's losing in Ukraine, "blowing inventory and manpower," suffering massive losses, Kirby insisted.

That's why Putin "needs help from President Xi and that's what this visit was all about," Kirby argued. The real story is that China and Russia are moving closer together and "chafing and bristling at a rules-based order around the world. They want to change the rules of that game."

In Beijing, at today's Foreign Ministry press briefing, spokesman [Wang Wenbin](#) took no prisoners in responding to a question about Kirby's claim that China is not impartial in the Ukraine crisis. Wang pointed out that "China is neither the one that created the Ukraine crisis nor a party to the crisis; still less has China provided weapons to any party to the conflict." Since the crisis broke out, Wang emphasized, China has released its "Position on the Political Settlement of the Ukraine Crisis," "making active efforts towards resolving the crisis through dialogue and negotiation. We have no selfish agenda on the Ukraine issue. We did not stand by, nor did we add fuel to the fire, or exploit the situation for selfish gain. All that we have done boils down to supporting talks for peace."

Since the U.S. claims that China is not impartial, Wang incisively asked, "does that mean pouring weapons into the conflict should be seen as impartial? Does that mean causing the crisis to escalate should be seen as impartial? Does that mean allowing the crisis to spill over to the rest of the world should be seen as impartial?"

### **Depleted Uranium Shells on the Way to Ukraine. Are Cluster Munitions Far Behind?**

March 22, 2023 (EIRNS)—NATO's military support of the Kiev regime is escalating with the promise of ever more dangerous munitions. In London, the U.K. Ministry of Defense announced its own escalation yesterday. The Challenger 2 tanks that are being prepared for transfer to Ukraine will be armed with depleted uranium shells. "Alongside our granting of a squadron of Challenger 2 main battle tanks to Ukraine, we will be providing ammunition including armor piercing rounds which contain depleted uranium. Such rounds are highly effective in defeating modern tanks and

armored vehicles,” Deputy Secretary of Defense [Baroness Annabel Goldie](#) said in a written statement in response to a question in the House of Lords from 5th Baron Hylton, Raymond Jolliffe.

Goldie’s statement has been noticed in Moscow. “I would like to note that if this happens, then Russia will be forced to react accordingly, bearing in mind that the collective West has already started to use weapons with a nuclear component,” Russian President [Vladimir Putin](#) said yesterday during his joint press conference with Chinese President Xi Jinping. Russian State Duma Chairman Vyacheslav Volodin said in a Twitter posting that the British decision to supply depleted uranium munitions to Kiev is part of a dangerous trend that makes the Ukraine conflict a threat to the whole of Europe. “The war to the last Ukrainian could become a war to the last European,” he said.

Depleted uranium “is a standard component and has nothing to do with nuclear weapons,” the U.K. Defense Ministry said in response to the Russian accusations. “The British Army has used depleted uranium in its armor piercing shells for decades,” the statement added. “Russia knows this, but is deliberately trying to disinform. Independent research by scientists from groups such as the Royal Society has assessed that any impact to personal health and the environment from the use of depleted uranium munitions is likely to be low.”

The people of Iraq and Serbia, where depleted uranium munitions were used with abandon by U.S. and NATO forces, will disagree with the Royal Society. Depleted uranium is not highly radioactive but is highly toxic otherwise. The contamination resulting from the use of these shells have been shown in both cases to have a toxic effect on local populations long after their use on the battlefield, including high incidence of cancer and of birth defects.

At the same time, members of the U.S. Congress are agitating for the Biden Administration to send cluster munitions to the Kiev regime. The Biden administration shouldn’t hesitate to send cluster munitions—specifically dual purpose improved conventional munitions (DPICM)—

because of “vague concerns about the reaction of allies and partners and unfounded fears of ‘escalation,’ ” Sen. James Risch (R-ID), Sen. Roger Wicker (R-MS), Rep. Michael McCaul (R-TX), and Rep. Mike Rogers (R-AL) wrote in a letter to the White House, reported RT. After all, they said, other countries have already sent such weapons without triggering Russian retaliation.

Acknowledging the weapons’ horrific effects, the signatories argued that while Ukrainian leaders are “aware of the risks to non-combatants,” the “existential threat posed by Russia’s invasion and daily acts of barbarity” are more important. These four members of Congress have apparently dismissed the documented barbarity of the Kiev regime’s crimes of spreading Soviet-era anti-personnel mines in civilian areas of Donetsk last summer, which have maimed more than 90 civilians.

RT notes that while the White House initially balked at Kiev’s request for DPICMs in December, it stopped short of a hard “no,” and the issue is reportedly still under consideration if the U.S. runs out of available ammunition to ship overseas.

## COLLAPSING WESTERN SYSTEM

### **Bankrupt Wall Street Bankers Try to Pull a Rabbit Out of a Hat**

March 22, 2023 (EIRNS)—All magic tricks require distracting the viewers’ attention so that they focus on the magician’s very visible hand, while the obscured one does the dirty work. It seems that’s what happened, again, in Washington on Wednesday.

While the world was transfixed by today’s announcement by Fed Chairman Jerome Powell of an expected 25-point rise in interest rates, a quiet two-day conference was held in Washington, D.C. of the country’s top eight bankers to try to concoct a scheme to put out the raging fire at First Republic Bank of California, and cook up a broader approach to deal with the fact that as many as 190 additional U.S. banks may be teetering at the edge of bankruptcy, according to a new study reported by CNN.

JPMorgan Chief Executive Jamie Dimon and his fellow bankers met for a quarterly meeting of the Financial Services Forum, after which Dimon went to meet with Lael Brainard, the director of the White House's National Economic Council, Reuters reported. It is not known at this point what Dimon and Brainard discussed, but Reuters said that "the banks were aiming to work out details for what needs to be done for First Republic within the coming 24 hours."

But the problem goes way, way beyond First Republic. CNN reported today on a March 13, 2023 study published by the Social Science Research Network (SSRN) titled "[Monetary Tightening and U.S. Bank Fragility in 2023: Mark-to-Market Losses and Uninsured Depositor Runs?](#)" by lead author Erica Xuewei Jiang of the University of Southern California, which explained that "the U.S. banking system's market value of assets is \$2 trillion lower than suggested by their book value of assets." This is in part due to sharply rising interest rates, which Powell just continued with today's announcement. Although the average fall in value across all banks has been 10%, "the bottom 5th percentile (is) experiencing a decline of 20%."

That means that about 190 banks are at risk of becoming the next First Republic.

Fox Business explained on March 21 to Yahoo! that the gathering of the eight top bankers "is generating more attention than usual considering the big lenders are in talks to help stave off contagion after a series of bank failures in recent weeks." First Republic Bank, which got a \$30 billion bailout from 11 large banks a week ago, but is still hanging on by its fingernails. According to the *Wall Street Journal*, First Republic has not only hired JPMorgan to "advise" it, but has now also taken on Lazard Ltd. (for help with "a review of strategic options that could include a sale, capital infusion or asset trimming") and McKinsey & Co. ("to help map out a postcrisis structure for the bank").

There sure are a lot of doctors gathered around the failing patient.

The Financial Services Forum is an economic policy and advocacy group, and its members include JPMorgan Chase's Jamie Dimon, Bank of America's Brian Moynihan, Citigroup's Jane Fraser, Wells Fargo's Charles Scharf, Goldman Sachs' David Solomon, Morgan Stanley's James Gorman, Bank of New York Mellon's Robin Vince and State Street Corporation's Ronald O'Hanley.

### **FDIC Insurance Limit May Be Raised from \$250,000 to \$500,000—Or Perhaps To Infinity**

March 22, 2023 (EIRNS)—Among the gimmicks under discussion to try to have the government (read taxpayers) bail out the bankrupt trans-Atlantic financial system, is to allow the FDIC to cover *all* deposits in the banking system, and not just deposits up to \$250,000, as is now the law. This is being widely discussed in the desperate banking community and among members of Congress in Washington. Yesterday's *New York Times* reported that “some members of Congress are looking for ways to boost that cap, at least temporarily, in order to stop depositors from pulling their money out of smaller institutions that have been at center of recent bank runs. Rep. Ro Khanna (D-CA) and other lawmakers are in talks about introducing bipartisan legislation as early as this week that would temporarily increase the deposit cap on transaction accounts.”

Sen. Elizabeth Warren (D-MA) reportedly favors the infinity option—i.e., a total bailout. The *New York Times* added: “Others, including Senator Elizabeth Warren, Democrat of Massachusetts, have suggested lifting the deposit cap altogether.” This is the precise inverse of Glass-Steagall.

The White House has not taken a public position on the matter, according to the *Times*, adding: “If passed, a temporary guarantee on transaction deposits over the \$250,000 federal insurance cap would be the latest step in a sweeping government response to an unfolding banking disaster.... In 2008, as panic coursed across Wall Street at the outset of the global financial crisis, the FDIC created a program that allowed for unlimited deposit insurance for transaction accounts that chose to join the program in exchange for an added fee. Sheila Bair, who was chair of the

FDIC from 2006 to 2011, said she thought that the Biden administration should propose legislation that would let the FDIC reconstitute a bigger deposit insurance program and use a ‘fast-track’ legislative process to put it in place. ‘I hope the president asks for it; I think it would settle things down pretty quickly,’ Ms. Bair said in an interview,” wishfully, no doubt.

### **UBS Takeover of Credit Suisse—‘Make No Mistake, This Was a Bailout’**

March 22, 2023 (EIRNS)—A [Bloomberg](#) house editorial yesterday reviewed the significance of the shotgun wedding between UBS and CS: “A decade and a half after the last global financial crisis, regulators still aren’t confident that they can safely manage the demise of a systemically important bank, even a relatively small one.” Bloomberg admitted that “any other outcome would have wrought even greater havoc,” but they fear for what this now portends.

“Yet make no mistake: This was a bailout. The Swiss government, on behalf of taxpayers, has agreed to provide UBS ... what it wanted and created an even bigger bank with explicit state guarantees. This reinforces the perception that governments will always stand behind systemically important banks—an expectation that encourages even more irresponsible behavior.”

The whole point about all the schemes that the trans-Atlantic Establishment tried to put in place after the 2008 crash was to be able to safely “resolve” such bank failures. “Yet when Credit Suisse reached the precipice, officials displayed little faith in their ability to resolve it safely. Instead, they opted for a jury-rigged solution. They wrote down about \$17 billion in bail-in bonds, but also allowed shareholders to receive more than \$3 billion in UBS stock, upending the traditional seniority of investors. And, of course, they put taxpayers at risk.”

So, the financial world is pretty much back to square one, Bloomberg concluded: “The lesson to banks from the Credit Suisse rescue is a dangerous one: If you’re big and scary enough, the government will have your back.”

## **FOMC Meets, an Ill Wind That Blows Nobody Good**

March 22, 2023 (EIRNS)—Besides raising the federal funds rate today by one-quarter point, to the range of 4.75-5.0%, the Federal Reserve Open Market Committee (FOMC) was the bearer of entirely bad news for the economy, resulting from the Fed’s own monetary policies.

This sentence from the statement released by the FOMC at 2:00 p.m. today basically sums it up: “Recent developments are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring, and inflation. The extent of these effects is uncertain. The Committee remains highly attentive to inflation risks.”

These “recent developments”—meaning bank failures and bailouts—are the result of the Federal Reserve’s own work as a kind of fear-inspiring “headless horseman” of Wall Street. Thus the translation of the statement quoted above: We bring you recession, and also more inflation.

The statement was released on the same day that consumer inflation in the U.K. ended its “pause” and spiked upward again over 10%, a sign of which direction inflation is momentarily heading in the trans-Atlantic countries despite useless interest rate hikes.

Another sign of the headless horseman’s effect: Pacific Western Bank based in California, having proudly announced that rather than trying a capital raise, it was taking advantage of the Fed’s new liquidity lending facility, the Bank Term Funding Program, watched its stock drop 17% today in reaction.