

## EIR Daily Alert Service

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## EDITORIAL

### **It's Now War, Set Off by Economic Collapse—or New Laws for Economic Development**

Feb. 21 (EIRNS)—Russian President Vladimir Putin's determination to preserve Russia's nuclear deterrent and prevent hostile NATO-armed, even nuclear-armed states on its doorstep, is only the outward issue of the present war crisis. The driving cause is two economic partnerships or alliances in the world, and the fact that one of them—led by the trans-

Atlantic NATO nations—is sinking economically and heading for a financial implosion, a “second 2008” or worse.

Leading European Union and World Economic Forum officials have flipped out at the revelation on Feb. 4 that the [growing China-Russia economic cooperation](#) of 2021, had become a full economic and strategic partnership between the world’s leading infrastructure-building and poverty-fighting nation and the world’s leading nuclear and nuclear energy power and leading food exporter. Cooperating, they could shortly be the leading spacefaring power as well. The fantasy of destroying that alliance has become a motive for war.

The financial elite of London and Wall Street decreed in recent years a “Great Reset,” less dramatically called the Green Deal, and it has turned the economic stagnation ruling since 2008 into a deepening recession. Look at what was caused in 2021 by seven years of rapid forced “green” disinvestment in fossil fuels and nuclear (annual investment cut by more than half outside Russia and China) caused in 2021. Global energy production stagnated; global electricity generation dropped. Corn, wheat and seed oil production are falling in 2022 due to fertilizer hyperinflation and shortage. The “green” replacement for fossil fuels and nuclear does not function. Worldwide, the solar- and wind-power share of total energy production was still just 4% in 2021, according to a long review of the situation by [Gail Tverberg](#) today. Disappearing wind power caused serious economic damage in 2021 in the central U.S. Plains, across Northern Europe and across Northern China—China alone solved the problem quickly. Technology for large-scale storage of intermittent power is still far off.

Combined with vast money-printing by central banks to provide “an asset and money economy” where the productive economy is shrinking, this has triggered inflation heading for hyperinflationary blowout. Check the Feb. 18 note on [The Carson Report](#) of Joseph Carson, former chief economist for AllianceBernstein investment bank:

“The current inflation cycle is unlike anything seen before. The 1970s and 1980s inflation cycles centered on consumer and producer prices, while assets prices (equities and real estate) powered the 1990s and 2000s inflation cycles. Today’s inflation cycle has all of the above. And based on the broad price index, the current inflation cycle is as big as the 1970s and the dot.com and the housing bubble combined. (Note: CPI less shelter has risen 9.1% in the last year, the biggest increase since 1981. Including a market-price shelter ... lifts CPI to double-digits. The old producer prices for finished goods are up 12.5, while core intermediate and crude prices have increased by 23% and 13.5%, respectively...)”

Now sanctions over Ukraine, openly intended and designed by U.S. Treasury and National Security Council officials to crush Russia’s economy, are being discussed and demanded by the NATO powers. Against the world’s largest fossil fuels exporter, they will wreak worldwide havoc, as China helps Russia withstand them, as it has withstood others. World energy reserves are already so low, oil and natural gas are being “priced to destroy demand,” as JPMorgan’s chief oil trader described it on Feb. 17. Or in Gail Tverberg’s description in the above-cited analysis, the option of pricing into a deep recession.

Sanction Russia’s major banks so that they cannot make loans? What about the biggest U.S. and European banks, which already control most deposits and don’t make loans?

Thus arises the motive to force war, to destroy the alternative represented, for developing nations in particular, by China and Russia.

But their partnership alone, with the Belt and Road Initiative of infrastructure building, is not sufficient to a solution for all nations. That demands a new strategic agreement or conference based on a completely different economic policy from the collapsing casino game Wall Street and the City of London are playing.

Guiding that policy should be the well-known but not implemented (except significantly in China) Four Laws spelled out by Lyndon LaRouche. These include Glass-Steagall laws in every nation, Hamiltonian

national banks in every nation, and crash programs to conquer space with fusion and plasma technologies.

- Watch **Harley's Updates** with Harley Schlanger on Tuesday February 22, 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 Signs Russian Recognition of Donbas Republics; White House Announces Local Sanctions**

Feb. 21 (EIRNS)—A determined Russian President Vladimir Putin today “signed decrees recognizing the independence of Donetsk People’s Republic and Luhansk People’s Republic, as well as treaties on friendship and cooperation between Russia and D.P.R. and L.P.R.,” per the announcement on Twitter by the Russian Foreign Ministry. And according to RIA Novosti, the Russian President subsequently responded to calls from those republics and ordered Russian armed forces to begin a peacekeeping mission in those republics. He demanded that Ukraine cease all military operations against the two republics or face consequences.

Putin cited three main factors impelling the action, which had been authorized in a resolution in Russia’s State Duma on Feb. 17: NATO’s decades of (recently thoroughly documented) breaking of the promises made by Western leaders in 1990-91, not to expand east of unified Germany; Ukraine’s having become since the 2014 coup “a colony with a puppet government” of the United States and NATO powers; and Ukrainian President Zelenskyy’s reference to Ukraine’s ability to become a nuclear power, or in Putin’s words, “Ukraine plans to create its own nuclear weapons.”

The major NATO countries, whose 25 years’ relentlessly increasing pressure against Russia’s western borders and nuclear deterrent have finally led to this crisis, are responding with financial sanctions, though the exact

nature of the sanctions is under a good deal of discussion. Among those in Europe quickly calling for immediate and/or maximum sanctions were: EU High Representative for Foreign Affairs Josep Borrell; outgoing NATO Secretary General Jens Stoltenberg; British Foreign Secretary Liz Truss; EU Commission President Ursula von der Leyen; Polish Prime Minister Mateusz Morawiecki; and Latvian Foreign Minister Edgars Rinkēvičs.

The White House announced a forthcoming Executive Order from President Biden “that will prohibit new investment, trade, and financing by U.S. persons to, from, or in the so-called DNR and LNR regions of Ukraine.... The Departments of State and Treasury will have additional details shortly. We will also soon announce additional measures....” The statement made clear that these are not the “severe economic measures we have been preparing should Russia further invade Ukraine.”

It should be recalled that President Putin, in a press conference last week with Belarus President Aleksandr Lukashenko, had said that strong economic sanctions were going to be imposed on Russia no matter what further course it followed in the crisis, since the current purpose of Great Britain and United States is to slow down, if possible to stop entirely, the economic development of Russia and Belarus. This purpose for financial sanctions was stated on the record by unidentified senior administration officials in a background press briefing Jan. 25. The other target of the NATO powers is China, and the economic and strategic partnership announced by China and Russia in Beijing on Feb. 4 is fundamentally changing the world situation.

### **West Damaged Itself by Not Taking Putin’s 2007 Munich Proposals Seriously**

Feb. 21 (EIRNS)—In a commentary for RT, Canadian Russia specialist [Paul Robinson](#) says the West was warned by Russian President Vladimir Putin in his [2007 Munich Security Conference speech](#) to change attitudes and replace the Cold War, or face the doom of its policies.

Putin’s proposals included the end of the unipolar system and the return to a global order centered not on a single country but on the United

Nations. In Munich, Putin called for the “architecture of global security” to be reconsidered. This means a system that strikes “an appropriate balance between the interests of all participants in international dialogue”; the use of force remains “a truly exceptional measure”; and “the only mechanism that makes decisions about the use of military force as a last resort, is the Charter of the United Nations,” Robinson recalls.

However, as for the West, “given its self-defeating mistakes over the past few years, Putin could be viewed as a kind of prophet. And if so, then it is about a prophet in the form of the Trojan princess Cassandra, who was doomed to always be right but could never be believed. Instead of heeding Putin’s warning, Western states have continued to bludgeon. They toppled Colonel Qaddafi in Libya, backed the rebels in Syria, attempted (and failed) regime change in Venezuela, fought and lost to the Taliban, sanctioned Iran and backed the revolution in Ukraine. None of this ended well. And we can’t say we weren’t warned.”

Paul Robinson is a professor at the University of Ottawa. He writes about Russian and Soviet history, military history and military ethics and is the author of the blog *Irrussianality*.

At a far lower level than Robinson’s analysis, there was a sort of croak uttered by CIA mouthpiece David Ignatius in his column Feb. 21, “[Putin Warned the West 15 Years Ago. Now, in Ukraine, He’s Poised To Wage War.](#)” “I watched Putin’s speech that day and have to admit: It didn’t make much of an impression,” writes this very top-level journalistic jerk. “America was fighting two hot wars then, and Putin’s Russia seemed too feeble to worry about. Not anymore.” The lies come thick and fast as usual with Ignatius—those “two hot wars” in 2007, and more to come immediately, along with installing ABM systems in Eastern Europe, and NATO expansions, were targetting Russia, not ignoring Russia—but he has to admit that for his neoliberal and neocon ventriloquists, “There won’t be any good choices in the weeks and months ahead, only the consequences of bad ones.”

**LAROUCHE****LaRouche Spokesman on Pakistan's PTV Evening News' 'Views On News'**

Feb. 21 (EIRNS)—LaRouche spokesman Harley Schlanger was interviewed on Pakistan's PTV evening news show on Monday, Feb. 21. The topic was Prime Minister Imran Khan's upcoming visit to Moscow, addressing "Pakistan-Russia Relations" and "Framing the New World Order." Also interviewed were a senior Pakistani analyst, and Pakistan's Ambassador to Italy. The senior analyst, Avm Ikramullah Bhatti spoke of Khan's visit in terms of "traditional bloc politics," asking whether this means an effort to change the Russia-India alliance, and would this affect Pakistan's relations with the United States?

Schlanger responded that this is viewing the relationship through traditional British geopolitics. He said the world is in a real transition, as the unipolar order is finished. The question is whether there can be a peaceful transition to a new security architecture, or whether it will lead to war. He said Prime Minister Khan is acting in a mature manner, with his visit to Moscow after visiting Beijing. The moves toward Eurasian integration are a threat to the British geopolitical model—that's why the British are leading the war drive, and sadly the United States has not broken with the unipolar model yet.

After Pakistan's Ambassador to Italy Jauhar Saleem reviewed how the Europeans are remaining allied with America and the Great Britain, he admitted there are tensions, and mentioned the Macron diplomatic initiatives, and Italian Prime Minister Mario Draghi's upcoming visit to Moscow. The host then spoke of the Nord Stream 2 issue, how much Europe is dependent on Russian gas, and how that might be a reason for a peaceful resolution. Schlanger responded by emphasizing that the possibility for a change depends on the United States recognizing that the unipolar world has been a failure, and that's why there is a possibility for establishing a new security architecture. He referred to the "objective" explanation by Bhatti, who said Putin was trying to "regain Russia's place

in the world” with a gamble. No, Schlanger countered, Putin’s security demands are reasonable. He spoke of the significance of the Russia-China agreement, especially as a way to address the humanitarian crisis in Afghanistan, with an extension of the Belt and Road Initiative. He said it’s even possible to overcome the geopolitical problem of India-Pakistan, referencing Indian grain going to Afghanistan through Pakistan. The host backed him up, saying Pakistan’s Trade Minister said that improvement in Indian-Pakistani trade is now possible.

## U.S. POLITICAL AND ECONOMIC

### Leaks Say U.S. Is Preparing Financial Sanctions Against Russia

Feb. 21 (EIRNS)—The U.S. administration has prepared an initial package of sanctions against Russia, that includes barring U.S. financial institutions from processing transactions for major Russian banks, Reuters reported citing sources today. According to the British news service, the measures, which will only be implemented if Russia invades Ukraine, aim to hurt the Russian economy by cutting the “correspondent” banking relationships between targeted Russian banks and U.S. banks that enable international payments, Reuters says.

The final list of banks subject to sanctions is yet to be formed, but sources believe that VTB, Sberbank, VEB.RF and Gazprombank are likely to be included in it. In addition, the United States will impose sanctions against Russian individuals and entities, which include freezing assets and banning any transactions.

The White House and the U.S. Treasury declined to comment.

### Matlock Briefs ‘Democracy Now’ on How NATO Expansion Created Ukraine ‘Crisis’

Feb. 21 (EIRNS)—Former U.S. Ambassador to the Soviet Union **Jack Matlock** demonstrates in a Feb. 17 video interview with Amy Goodman on “Democracy Now,” that the Ukraine crisis is the direct result of the post-Cold War push for expansion of NATO. Matlock was the second to last

ambassador to Soviet Moscow, leaving that post in 1991. Goodman opens the program by quoting from Matlock's latest ["I was There: NATO and the Origins of the Ukraine Crisis."](#)

In the article Matlock, whose first assignment to Moscow was in 1961, from where in October 1962, he translated messages between the leaders, writes about his 1997 testimony before the Senate Foreign Relations Committee. Twenty-five years ago, he told the Senate: "I consider the administration's recommendation to take new members into NATO at this time misguided. If it should be approved by the United States Senate, it may well go down in history as the most profound strategic blunder made since the end of the Cold War."

Matlock explained about that article to Democracy Now: "The reason I testified against expanding NATO expansion ... in the late '90s, was because we had—at the end of the Cold War, we had removed the Iron Curtain. We had created what we had aimed for: a Europe whole and free. And it was obvious, if you start piecemeal expanding NATO ... without including Russia—you are going to once again precipitate a buildup of arms and a competition, an armed competition, then. But there was no reason to do it at that time. Russia was not threatening any East European country. Actually, the Soviet Union in its last years was not, because Gorbachev had accepted the democratization of the East European countries. The Soviet Union in its last years was not threatening any East European country."

Matlock thought then that there should be a European security organization that included Russia. "So, I certainly approved at the time the continuation of the NATO that existed at the end of the Cold War; however, I thought it should be integrated into an overall European security organization that included Russia, the East Europeans and the other states that had been in the Soviet Union. And we actually had plans for that at the time through a proposal called the Partnership for Peace, which could include them all."

But problems included not only NATO expansion, but also that the second Bush Administration withdrew from almost all of the arms control agreements, and directly intruded into the politics of newly independent, formerly Soviet countries. Matlock explains that after the end of the Cold War, the U.S. “reversed the diplomacy that we had used to end the Cold War, and started sort of doing anything, everything the opposite way. We started, in effect, trying to control other countries, to bring them into what we called the ‘new world order,’ but it was not very orderly. And we also sort of asserted the right to use military whenever we wished. We bombed Serbia in the ’90s without the approval of the UN. Later, we invaded Iraq, citing false evidence and without any UN approval, and against the advice not only of Russia but of Germany and France, our allies. So, the United States—I could name a number of others—itself was not careful in abiding by the international laws that we had supported.”

Matlock concludes that perceptions count, especially “if President Putin feels he is being pressed and his security threatened—rightly or wrongly, because it’s perceptions that count—then what’s to keep him, since we have walked out of most of the other agreements, from putting, say, intermediate-range missiles in Kaliningrad or bringing them close to the border? Then what are we going to do? So, to get into another insane arms race, when we have so many other common problems we need to deal with, I think, is extraordinarily unwise.”

## NEW ECONOMIC ORDER

### **Former U.S. Official Says China Will Cushion Any Sanctions via Coal Contract with Russia**

Feb. 21 (EIRNS)—Former Trump Administration Secretary of Veterans Affairs Robert L. Wilkie, now at the Heritage Foundation, was reported by Fox News saying that China will aid Russia against any and all NATO financial sanctions placed on it. “A lot of the talk about economic sanctions is really a pie in the sky because China is now Russia’s banker. Xi Jinping will back Putin if sanctions from the West come,” Wilkie said. They will do

so by buying energy, he said, and “will pick up the slack with” a cut-off of Russian banks from the SWIFT messaging system.

Wilkie actually made his comments on Jan. 30 at Heritage, but Fox News reported them on Feb. 20 in connection with yet another major long-term energy contract between the two powers. TASS, citing the head of Department of Foreign Economic Cooperation and Fuel Markets Development at the Russian Energy Ministry Sergey Mochalnikov, had the original report that “Now an intergovernmental agreement with the People’s Republic of China is being developed, and the figure is 100 million tonnes,” he said. “In the coming years, consumers should receive as much coal as they need.” This comes immediately after an agreement to increase Russian oil exports to China by 10 million barrels—to 48 million barrels/year—as soon as the Power of Siberia 2 pipeline is open, which is likely to be before the end of this year. According to TASS, Russia’s share of coal in the entire Asia-Pacific coal market is now about 12%, up from 4% in 2010. “We have good prospects until 2030,” Mochalnikov is quoted.

The *New York Times* ran a Sunday opinion column, “[Nixon Feared a China-Russia Alliance: It’s Here](#)”; *The Hill* ran one by Democratic pollster Doug Schoen, “[The Risks and Implications of China and Russia’s Unholy Alliance](#)”; *Foreign Policy* published advice on fighting wars with China and Russia at the same time; and so forth.

That these two nations’ partnership changes the world, is out. European officials are even more overtly enraged. The denunciation by EU Commission President Ursula von der Lyin’ at the Munich Security Conference is reported in the subsequent story. Josep Borrell, the EU’s High Representative for Foreign Affairs and Security Policy and EU Commission Vice President, in Munich on Feb. 20, sounded like Winston Churchill denouncing FDR for challenging “His Majesty’s Empire”: “The Russia-China joint statement of Feb. 4 is the culmination of a long-standing campaign. It is an act of defiance. It is a clear revisionist manifesto. A manifesto to review the world order,” he thundered.

## EU Indoctrination From Von Der Lyin’: The Pot Calling The Kettle Black

Feb. 21 (EIRNS)—Speaking at the Munich Security Conference Feb. 19, EU Commission President **Ursula von der Leyen** not only accused Russia of planning an invasion of Ukraine, but flipped the script on the Russia-China alliance, accusing the two countries of exactly what the EU and NATO are doing: building aggressive alliances. “We are facing a blatant attempt to rewrite the rules of our international system,” she said. “One only has to read the **recent communiqué issued by Russian and Chinese leaders**. They seek a ‘new era’, as they say, to replace the existing international order. They prefer the rule of the strongest to the rule of law, intimidation instead of self-determination, coercion instead of cooperation.”

She then called for tough sanctions against Russia. However, the EU is split as never before on the sanctions issue. Even Italy’s Prime Minister Mario Draghi broke ranks with his supranational co-thinkers and opposed energy sanctions. Talking to journalists, he said that he made it clear to Italy’s allies that sanctions should be “proportional” and that Italy is against sanctions on energy. Draghi said that he will soon meet Putin and that the proposal to meet came from the Russian side. It would be good if one could succeed in having Presidents Vladimir Putin and Volodymyr Zelenskyy meet, he said.

## Ethiopia Starts Electricity Production at Grand Ethiopian Renaissance Dam

Feb. 21 (EIRNS)—In an event that has been heard around the world, Ethiopia is now producing power from the Grand Ethiopian Renaissance Dam (GERD). Within hours of the launch ceremony, Sunday, Feb. 20, Prime Minister Abiy Ahmed’s statement that, “From now on, there will be nothing that will stop Ethiopia,” was reported by AP, Reuters, CGTN and *Times of India*. Officially, the dam is now producing a mere 375 MW of power, having started only one of its 13 generators. It is estimated that it may be another two years before the dam (now said to be 84% complete) is fully operational, with an expected output of over 5,000 MW of power.

Begun in 2011, the \$4.2 billion dam has had to fight for every inch of its 145 meter height, which now holds back a reservoir of 2.3 billion cubic feet of water. Efforts to stop the dam had relied on a 1921 agreement between then British-controlled Egypt, and then British-controlled Sudan, which gave Egypt control of the Nile waters, effective veto-power on upstream construction. The agreement was later set in concrete by a “treaty” between the two British possessions, in 1959.

So far, there has been no official response from Egypt, possibly since generator turbines don't actually “use” any water.