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Ukraine Conference Summons LaRouche in Time of Crisis
Youth Leader Challenges Europe To Develop Africa
Will Spy Revelations Halt Netanyahu's War Drive?

First, Deflation, Then: Soon, Hyperinflation



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THE JOURNAL OF THE LAROUCHE-RIEMANN METHOD OF PHYSICAL ECONOMICS

DECEMBER 2008 ISSUE

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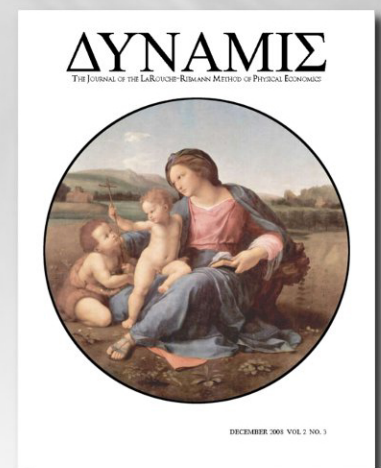
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EIR

From the Managing Editor

We put this issue to bed on the eve of Lyndon LaRouche's April 28 webcast, which he has provocatively titled, "The Other Shoe Will Now Drop." The first shoe, you will remember, hit the floor, with LaRouche's April 11 webcast on "President Obama's 'Narcissus Syndrome,'" in which he produced a shock-wave in the nation's capital, by stating that the President, under the control of an evil cabal of "Behavioral Economists," was taking the entire planet into a virtual dive to Hell. (All of LaRouche's webcasts are archived at www.larouchepac.com.)

We continue our exposé of the perverse Behavioral Economics Roundtable, whose man on the inside is President Obama's economic capo, Larry Summers, with profiles of some of the key personnel (*National*).

As you no doubt have figured out by now, LaRouche is focused on the ongoing disintegration of the U.S. and world economy, and the failure of the present Administration to adopt the only workable solutions, which have been amply put forward by the LaRouche political movement, most emphatically since July 2007, when LaRouche proposed what became his Homeowners and Bank Protection Act. Once again, in this week's *Feature*, "First, Deflation, Then: Soon, Hyperinflation," LaRouche warns that the U.S.A. is now careening toward the kind of economic apocalypse, not seen since 1923 Weimar Germany: "The attempt to maintain a bankrupted monetary system, such as those of western and central Europe and the U.S.A.," LaRouche writes, "is inevitably transformed into a hyper-inflationary trend if it is permitted to be continued. . . ."

Elaborating on the same general theme from Germany, Prof. Wilhelm Hankel, interviewed by Helga Zepp-LaRouche, reports that the danger of inflation is real, but that there may be a silver lining: that the nations of Europe are moving toward dumping the euro, and returning to sovereign national currencies. Also, from Germany, LaRouche Youth leader Portia Tarumbwa-Strid outlines what "Europe's Potential Role in the Reconstruction of Africa" can be.

And, from halfway around the world, a report from LaRouche representatives Rachel Douglas and Sky Shields, on their visit to Ukraine in early April, where they were enthusiastically received by many from the scientific and economic communities who have long been interested in LaRouche's ideas.



Cover This Week

It's time to replace the bankrupt world monetary system, with a fixed-exchange-rate credit system.



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By Lyndon H. LaRouche, Jr. Because the U.S. and British governments are both currently behaving as idiots, a process similar to the artificial Versailles conditions that were imposed upon Germany after World War I is now rapidly leading into a global hyperinflationary blowout.

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LaRouche Youth Movement leader in Germany, Portia Tarumbwa-Strid, addressed a conference of the Civil Rights Solidarity Movement (BüSo) in Berlin. It is a moral failure, she said, that Europe did not heed the call of the summit of the Non-Aligned Nations at Colombo, Sri Lanka, in 1976, which demanded debt moratoria and Western investment to develop the former colonial world.

45 **The Transaqua Project: Making Africa Bloom**

An illustration of the type of massive development initiatives that should have been taken in Africa by the West—but were not—this 1991-92 report by the Italian company Bonifica, Iritecna, Gruppo IRI, was published in *EIR* in 1997.

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Professor Hankel was Secretary of State in the German Finance Ministry under Karl Schiller, and, for ten years, was the chief economist of the Kreditanstalt für Wiederaufbau. His most recent book is *The Euro Lie and Other Economic Fairy Tales*.

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FIRST, DEFLATION, THEN:

Soon, Hyperinflation

by Lyndon H. LaRouche, Jr.

April 23, 2009

The German economy of the immediate post-World War I interval, quickly dropped into a virtually deflationary phase, before entering the hyper-inflationary phase. This happened under the artificial Versailles conditions imposed upon Germany by a cartel centered on the Bank of England which would soon launch its creation of Adolf Hitler's Nazi Party onto the world stage at exactly the time the point of hyper-inflationary blow-out was being reached. Now, a similar process leading into a global hyper-inflationary blow-out is being approached very rapidly. The conclusion to be reached now is that the U.S. and British governments are both behaving as idiots currently.

As Harvard's famous Professor George Santayana warned, in what was his most famous epigram, "Those who cannot remember the past are condemned to repeat it."

Professor Santayana was not exactly correct in his most famous utterance, but allowances for that error made, that was a warning well worth attendance, again, today.

The attempt to maintain a bankrupted monetary system, such as those of western and central Europe and the U.S.A. under the post-July 2007 conditions of both the George W. Bush, Jr. and Barack Obama administrations so far, is inevitably transformed into a hyper-inflationary trend if it is permitted to be continued for a relevant period of such continued folly.

Now, as in the United Kingdom and the U.S.A. today, the use of the kinds of hyper-inflationary monetary practices employed since July-



We are now on the verge of a shift, LaRouche warns, “to an overtly, explosive hyperinflationary movement in prices not dissimilar to that in Weimar Germany of Spring-November 1923.” Here, children in Weimar Germany use worthless stacks of paper money as building blocks.

September 2007, have successfully sent the real economy of both nations careening to the bottom at generally accelerating rates of increased unemployment and business closures. So, the rate of the inflationary spiral soars under the Obama Administration’s key controller, Larry Summers, while the wages of domestic productive labor and essential industries and agriculture collapse.

Thus, as in Weimar Germany and in the U.S.A. and Western and Central Europe today, the present deflation in the real economy, not merely precedes, but has caused the subsequent hyperinflationary monetary explosion. We are now at the verge of that shift to an overtly, explosive hyperinflationary movement in prices not dis-

similar to that in Weimar Germany of Spring-November 1923.

For Example

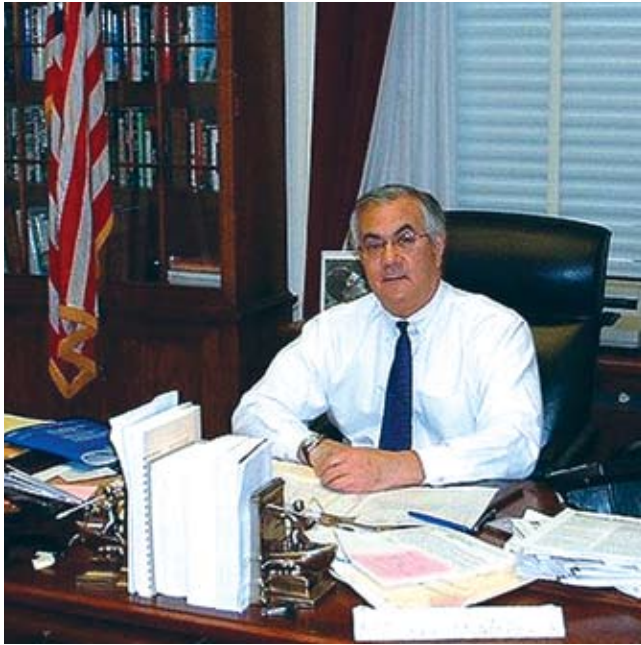
It should be recalled that, in an internationally web-cast address of July 25, 2007, I had warned that the world was at the verge of the greatest economic breakdown-crisis in modern history. The crisis erupted, as I had forecast the type of expected outbreak, and the relevant immediate remedy, three days later. In that web-cast, I had identified a crucial remedy for the immediate crisis, a remedy named the “Homeowners & Bank Protection Act of 2007.” At that time I promised supplementary clarification on several additional measures required; I delivered on that promise in a timely fashion, during September of that year.

Unfortunately, the measures which I proposed, measures which would have worked as I had promised, had they been instituted by approximately September 2007, were sabotaged in what was, in principle, a fraudulent operation by Representative Barney Frank and others. The ramming through of the intrinsically fraudulent, and, also, virtually treasonous “bail out” measure, has transformed what had been a controllable general crisis of July-September

2007, into the nightmare of swindle piled upon global financiers’ swindle today.

It must be emphasized, that the issue which I addressed in my July 2007 address was the fact of the state of general bankruptcy of the international financial system, including the banking system. Had my proposals for reform through bankruptcy relief been employed, the way out of this crisis was already ready for implementation during Summer of 2007. In effect, what Representative Barney Frank and others did, inside the U.S. House of Representatives and elsewhere, was a massive fraud against the U.S.A. and its institutions of banking and government.

Now, looking at the narrow aspect of this crisis, the



www.house.gov

Rep. Barney Frank abused the power of his office to sabotage the financial recovery measures proposed by LaRouche in July 2007; as a result, we are now headed for the greatest world depression in all known history to date.

only domestic U.S. remedy is putting the U.S. financial system through sudden and drastic measures of reorganization in bankruptcy. Most of the overhang of prospective “bad bank” assets must be simply wiped off the books of the banking system in ways which are equivalent to a wipe-out of assets not meeting the historic Glass-Steagall standard existing prior to the swindle by Treasury’s former Secretary Larry Summers. 15% would be a fair estimate of what portion of the non-Glass-Steagall standard accounts might escape destruction in the process at this present time. If the reorganization-in-bankruptcy required is not introduced immediately, the ration of such non-Glass-Steagall claims which could be saved eventually would be soon far less than zero, as hyper-inflationary phase of the present international crisis cuts in.

Unless what I have proposed as the needed change in U.S. policy is presented, the world as a whole will be precipitated into the greatest world depression in all known history to date. A rapidly accelerating reduction of the world’s population to levels intended by Prince Philip’s scientifically fraudulent World Wildlife Fund swindle, from more than 6.5 billions, to less than two billions, would become the most massive genocide in all known history.

The Role of the U.S. Dollar

Between the developments of the U.S. fiscal year 1967-68, and the combination of the London-Saudi orchestrated oil-price swindle of the early 1970s and the effects of the lunatic Trilateral Commission swindle conducted under the auspices of a duped President Jimmy Carter, the dominant role of the U.S.A. in the world monetary system had been brought to an end; the British empire, otherwise known as the Anglo-Dutch-Saudi financial empire, was in the saddle. However, the U.S. dollar remained the principal denomination of international credit.

Today, as the example of China’s current crisis typifies the situation, if the U.S. dollar is devalued in favor of any other currency, the effect would be an immediate plunge of the world system of all nations into a “new dark age,” a condition under which a rapid collapse of population-levels of the world toward two billions or less, would be virtually inevitable.

The significance of the U.S. dollar today, lies in two aspects of that dollar. First and foremost, the nature of the U.S. economy as based, constitutionally, on a credit-system, rather than a European type of monetary system peculiar to the types of government associated with parliamentary systems.

There is, in fact, no way in which any new monetary system could bring the world out of the effects of the present collapse of economies such as Russia and China, in addition to all of the nations of continental western and central Europe.

If, for example, the new system which I have proposed is not adopted, then China will be subjected to a process of disintegration caused by its accumulated dependency on the margin of income represented by former values of U.S. debt to China. Russia would be affected less than China, but similarly. The situation of western and central Europe would become quickly hopeless.

The only remedy would be the elimination of the existing monetary systems of the world, through an orderly reorganization of systems of money and credit, out of a monetary system, and into a fixed-exchange credit system which had been President Franklin Roosevelt’s intended fixed-exchange-rate system on April 12, 1945, had virtual traitor, and stout defender of British imperialism, President Harry Truman, not adopted the anti-Roosevelt monetary policy of John Maynard Keynes, instead of Roosevelt’s, on April 13, 1945.

What would be required would be, in effect, a fifty-

year, fixed-exchange-rate credit system, at state-to-state rates of credit issued among nations of between 1.5-2% on long-term, which would be used largely for major capital-intensive build up of the economies of Asia, Africa, and Ibero-America through, chiefly, capital-intensive forms of technologically progressive investments in long-term capital-investments of types relevant to the physical-economic increase of the potential productive power of nations as measured physically, per capita and per square kilometer of territory, world-wide.

Putting the existing world monetary-financial systems through the kind of bankruptcy-reorganization consistent with a Glass-Steagall standard, is the only true remedy by means of which a general break-down-crisis of the entire present world system could not be prevented.

The time for this reform is now. Every government which opposes such a reform should be promptly replaced by one of a more sensible, more productive disposition in favor of global cooperation to this end.

The question to be posed to governments is not the silly question: "Do you agree?" but, rather, "Are you actually committed to surviving?"



National Archive

Unless we replace the existing monetary systems of the world, through an orderly reorganization, into a fixed-exchange credit system, based on the U.S. dollar, we are facing a New Dark Age. Shown: Breadlines, in Weimar Germany, 1923; Chicago, 1931; Grand Rapids, Mich., 2000.



EIRNS/Robert Baker

To Deal with Collapse: ‘We Don’t Need A Bad Bank, But a Good Bank’

Professor Wilhelm Hankel was Secretary of State in the German Finance Ministry under Karl Schiller, and, for ten years, was the chief economist of the Kreditanstalt für Wiederaufbau. His most recent book is Die Euro-Lüge und andere volkswirtschaftliche Märchen (The Euro Lie and Other Economic Fairy Tales). Helga Zepp-LaRouche interviewed him on April 9, and we publish a translation here. The video interview, in German, is posted at www.bueso.de. Mrs. LaRouche also interviewed him in January (EIR, Jan. 30, 2009); and he spoke at a Schiller Institute conference in February on “The Future of the Euro” (EIR, March 27, 2009).

Zepp-LaRouche: Professor Hankel, we all followed the G20 Summit attentively, where it was decided to lay out a \$5 trillion rescue package, in addition to tripling IMF deposits to a total of \$750 billion, plus another \$250 million in special drawing rights. [German Finance] Minister Steinbrück had previously warned about inflation. Is the danger of inflation now past—or if not, why did he go along with the agreement?

Hankel: No, the danger of inflation is not past, but it has been made even greater, since, as every child knows—and therefore a German finance minister presumably also knows—more money, with fewer goods, means inflation. And we certainly do have inflation. We have had it less in the cost of living, but very much in asset prices, in the bubbles—bubbles on the stock exchanges, bubbles on the real estate markets. And this inflation is, of course, not eliminated by such “cures,” but rather the opposite: It will increase; and not only that, it will escalate, and that is the dangerous part of the story.

Zepp-LaRouche: Even the chief economist of the European Central Bank, Jürgen Stark, said afterward that this was “helicopter money,” and that something like that ought to have been carefully scrutinized, and

now it threatens to cause irreparable damage. Why do you think this was handled so recklessly?

Hankel: Out of helplessness, I suppose. Since there is no rescue for the rescuers, they act like “Dr. Eisenbart,”¹ as we say in Germany. Dr. Eisenbart is notorious for having said: “I don’t care what the disease is, but I have a therapy, and the disease has to adapt to my therapy.” Where that led was obvious 300 years ago: to the death of the patient.

Zepp-LaRouche: What do you think of the new role for the International Monetary Fund? It had already suffered a widespread loss of credibility among many states of the Third World, for example, by worsening the conditions of the developing countries by imposing its austerity conditionalities; then it failed miserably to predict the crises—whether the Asia crisis of 1997, or the global crisis now; and now it is supposed to function as the rescuer.

Hankel: Yes, you said it. The IMF should be the world economy’s red warning light, which gives a timely warning that a crisis is looming somewhere, and recommends countermeasures—and, if necessary, enforces them. But what it is now doing is the reverse of such a policy. In the past, it urged countries not to allow themselves to become unbalanced—i.e., not to do things that they absolutely cannot afford; but now it does the opposite, encouraging states to rescue their damaged banks. And that is the opposite of reform. What we need now is to reform the financial system, not to prop it up, or even to allow its further hypertrophy.

Germany Cannot Be Europe’s Banker

Zepp-LaRouche: It is also interesting that the IMF itself, after getting such a large upgrade, joined George

1. A physician of the early 18th Century whose name has become synonymous with quackery.



Professor Hankel is interviewed by Helga Zepp-LaRouche, April 9.

Soros in demanding that Germany rescue the east European states. This is just outrageous: that now the German taxpayer should have to pay for the wrong actions of bankrupt banks.

Hankel: “The German character will restore the world to health again.”² That has proven wrong in the past, but it is now becoming downright grotesque.

It’s becoming grotesque, because we are misusing Germany as the banker of the Eurozone. Germany is the country that has the largest surpluses—only the Netherlands, Austria, and Finland also have surpluses, but it is mainly the German surplus that has stabilized the euro up to now. The fact that the euro is the leading currency internationally, after the U.S. dollar, and that it has been stable, is thanks solely and exclusively to the German surpluses. But German surpluses are no longer sufficient to cover also the new deficits of the old deficit countries, which, of course, are being created because of capital flight. This is the same situation—with more and more money leaving these deficit countries—that we have already seen in Iceland. It is having an impact on Ireland, Portugal, Spain, Italy, Greece, and even on our neighbor, France. And Germany can no longer cope with this; so if Mr. Soros says that we also have to deal

2. “*Am deutschen Wesen soll die Welt genesen*” was a slogan originating during World War I, and then used by the Nazis.

with countries that are not even using the euro, but want to join it so as to recapitalize, then Germany is the banker—or better, the innkeeper—who dispenses free beer, until he himself goes bankrupt.

Who Will Be First To Ditch the Euro?

Zepp-LaRouche: You just mentioned Ireland, which now has a deficit of 13% of its gross national product and Eu80 billion of toxic waste in its banks, and now is supposed to ram through the most brutal austerity policy; and since Ireland is part of the euro system, of course it no longer has any capability whatsoever of doing anything else—it can neither devalue its currency nor print money, so the only thing left is to proceed with brutal austerity against its own people.

Hankel: Yes, there are only two possibilities: Either the “deficit brothers”—Greece and Ireland are the worst—force their deficits onto others, and that includes the European Central Bank, since the ECB would buy up this junk. Naturally that would mean completely devaluing and debasing the euro. Or, these countries should be advised to do the only realistic thing: to use the only therapy that helps, and that is self-help. That means they would have to leave the euro, since they can only carry out urgently necessary reforms with a monetary policy of their own, with a currency exchange rate of their own, and also with an economic stabilization policy of their own. So, they have to get out. Now, I don’t know who will be the first to leave the euro: the overextended banker countries such as Germany, or the countries that are now in the deepest crisis, such as Ireland, Greece, and others. But one or the other will occur.

Zepp-LaRouche: You have, as we have, opposed the euro since its inception, as an unworkable concept. Now you are also vindicated by developments in Greece, Spain, and Italy, as you have just said. How long do you think this process can continue?

Hankel: That really depends only on how long it takes the politicians’ brains to understand this process. When the euro was introduced, people talked about the “theory of constraint,” especially in Germany. All German politicians, whether from the right or the left, were at that time convinced, that the constraint of a European currency would lead to the formation of a United

States of Europe, i.e., a political union. But now, we can see that this constraint operates in the opposite direction: Since the European currency is not viable, the concepts of the Common Market and the European Union also have to be reexamined.

What we need is a return to the situation before the euro—and that was not bad at all. The first 40 years of the European Economic Community were quite a success story, and that is because each country, having its own currency, was forced to solve its crises (which also

existed then), on its own, with its own national means. And that always worked. Back then we had crises in Greece, in Italy, in Spain; and these countries, through devaluation of their currencies, created the potential and the time to deal with their problems in the real economy; partly, they solved them, and partly, not (such as Italy, in the case of the Mezzogiorno).

Zepp-LaRouche: Then when, in your view, does the situation become so critical that things collapse?

The KfW and Germany's Postwar Reconstruction

Dr. Wilhelm Hankel, as noted in the accompanying article, worked for ten years as the chief economist of the Kreditanstalt für Wiederaufbau (KfW, or Reconstruction Finance Agency). The history of that organization provides an object lesson in how credit can be generated for priority national reconstruction projects, under emergency conditions. The following brief summary is drawn from “How Germany Financed Its Postwar Reconstruction,” *EIR*, June 25, 1999.

After World War II, the German economy was in a catastrophic condition. Industrial production was one-third of 1936 levels. More than one-fourth of housing had been destroyed, as 9 million refugees streamed in from the East. During the bitterly cold Winter of 1946-47, food rations dropped at times below 1,000 calories per capita, per day.

Immense investments were necessary if Germany were ever to get back on its feet economically, and these investments would require amounts of financing far beyond the U.S. Marshall Plan. In November 1948, the KfW was formed, to provide medium- to long-term loans, “to enable the completion of reconstruction projects, insofar as other credit institutions are not able to provide the required financing.”

The KfW loans were to run primarily on a sepa-

rate track from the normal banking system. If other banks shied away from the risks of a project, the KfW was empowered to provide credit. The KfW was expressly excluded from other bank services, such as taking deposits and managing customers' bank accounts.

But where was the KfW's capital to come from? The U.S. Truman Administration, after relentless pressure from Germany, allowed the “Countervalue Funds” of the Marshall Plan to be used, and, from 1949 to 1953, the KfW obtained 3.7 billion deutsche-marks from this source. Principal and interest payments on KfW credits were paid back promptly into a special fund, which was then available for the next project.

One of the KfW's two directors, Hermann Abs, underscored the “targeted planning” in the KfW's policy. “The activity of the KfW was not exactly oriented to the ideal model of a free market economy,” he said. “Taken in the precise sense, what it did was to steer investment.”

In 1949, the KfW set the highest priority on production of coal, iron, steel, gas, water, and electricity. Abs declared, with respect to the devastated coal-mining sector, that it was irrelevant to whom the mines belonged, and whether their production yielded a profit or a loss. The important thing was that production of coal be cranked up as quickly as possible; and it was. In 1949 and 1950, forty percent of all West German investment in energy, coal, and steel, was financed by the KfW.

And, by the end of the 1950s, Germany had become one of the world's leading economic and industrial nations.

Hankel: Either if cars burn and shop windows rattle, if people take to the streets with loud expressions of despair, and social tensions intensify to the point that every government leaves the euro group, or—but I don't think this likely—Mr. Steinbrück or his successor grasps the fact that he absolutely cannot carry the burden of the deficit of the remaining euro countries and those that are not yet members. That, he most certainly cannot do. We could not allow Germany to become impoverished, just to enable “Europe” to succeed. That is the story of Saint Martin, who divided his cloak with the beggar, as a result of which, both saint and beggar froze to death. That will happen to Mr. Steinbrück.

No Bank Bailouts

Zepp-LaRouche: Yes. Then we also have the problem of bank bailouts. Why do you think that Chancellor Merkel called Hypo Real Estate a systemically relevant bank? Because I recall that Hypo Real Estate [HRE] was originally founded as a “bad bank,” because it was split off from the Bavarian Hypovereinsbank, when Unicredit took it over. I think Opel is more systemically relevant than such a bank. How do you see it?

Hankel: I agree. I think that Mrs. Merkel is a victim of her bad advisors. Because they either come from this very bank or primarily from this bank's clients—let's say from Allianz, or some of the others. What she considers as a systemic problem are the secondary failures that insolvency of HRE would cause among financial institutions that hold HRE stock, especially in the insurance industry. And also many pensions, life insurance policies, and civil servants' pensions are affected.

Zepp-LaRouche: It seems very important to clarify this somehow. Because we notice, including at our literature tables, that people always say: “Yes, the banks have to be bailed out, because they are systemi-



HypoRealEstate.com

German Chancellor Angela Merkel called Hypo Real Estate a bank deserving of bailout because it is “systemically relevant.” But it is a repository of financial waste! Why not provide credit to the bankrupt municipalities, which are responsible for maintaining most of Germany's infrastructure?

cally relevant.” How would you approach this from a real economic standpoint?

Hankel: Just as you do, in the case of the Pecora Commission. We need an independent commission, not of bankers, but of certified public accountants, experienced auditors, and of course older macroeconomic professors—I say older, because they are well versed in crisis management, whereas the younger ones, unfortunately, don't know a thing about it. The commission must investigate, first of all, the bank itself, but much more importantly, what would really happen if all our “bad banks,” especially those in the private sector, had to deal with their own losses, and if these banks' few good investments were transferred to a new one.

I would strongly argue for a “good bank,” rather than a “bad bank.” We should take the good assets from the “bad banks” and transfer them to a new, second Kreditanstalt für Wiederaufbau—in other words, a bank for reconstruction of the banking system—and leave the job of liquidating the “bad banks” to the original shareholders. That would show that the systemic losses in the banking sector are much smaller than the systemic losses will be, if this system is “rescued” and the crisis transferred to the real economy.

Zepp-LaRouche: That's like the case of Opel—it is



EIRNS/Chris Lewis

This former power plant in Essen, Germany, has been turned into an amusement park. "For decades, German infrastructure has not been maintained as it should have been," said Dr. Hankel.

not just a question of Opel, but of the entire auto sector throughout Europe, and actually, worldwide. How would you approach saving industrial capacities? Because I think that is truly systemically relevant, and not some gambled-away financial toxic waste.

Hankel: I agree with you there, too. But the mistake of this government, as with most of the European governments and, I think, also the U.S. government, is that they are spraying money about hither and yon, cherry-picking this ailing company or that ailing sector.

Build Up the Domestic Market

No, this is the hour for a general offensive, an economic offensive on the domestic market. Germany is a tragic case, since the domestic market has long been neglected because we thought that the foreign market, the export market, was more important than the domestic market. Before reunification, that might have plausible to a degree, since Germany was overindustrialized, with respect to its domestic market, so that to utilize its full industrial capacity, Germany had to export. But since reunification, at the latest, this has no longer been the case, and what is even worse, the German domestic market has atrophied since then. That

can be very clearly seen in our rotting infrastructure. For decades, German infrastructure has not been maintained as it should have been.

And now I come to the real starting point of a German anti-crisis program: the municipal sector. Seventy percent of our infrastructure has to be financed by the cities and municipalities. And these cities and municipalities are not included in the German tax code. Their share of tax revenues, +/-10%, is really minimal.

So, Mr. Steinbrück would be well advised not to rescue the banks, but to provide financial support to the municipalities instead. This doesn't have to be new money at all, but would be a larger portion of tax revenues. The municipa-

lities would be the starting point for a German infrastructure program that benefits the whole domestic economy and, especially, German citizens. And that is how I see the way to begin overcoming this crisis. It's not about banks, but about the domestic market, infrastructure, reforms in social policy, such as health care and education. All this can only be done *nationally*, not on the European level, and certainly not globally.

Zepp-LaRouche: The German Institute for Urban Studies, I believe, cited figures to the effect that in the municipal sector alone, there is an investment backlog of Eu650 billion, while on the federal level it is in the trillions. In other words, an economic recovery program could be started up immediately, just through domestic policy.

Hankel: Yes, indeed. Most municipal projects have been lying on the shelf for decades; they just have to be brought out again. They have been on hold for lack of financing. So, if Mr. Steinbrück secures the financing—which he is doing, although unfortunately for the wrong recipients, namely the banks—if he reallocated it to the municipalities, then we wouldn't have to be so anxious about Germany's future.

Changing the Way People Think

Zepp-LaRouche: It is really also inconceivable, that the Eu2 or 3 billion needed to build the Transrapid maglev from Munich to its airport supposedly cannot be found, and yet hundreds of billions are spent on financial toxic waste. How can a change occur in the way people think in Germany?

Hankel: Well, by our having more of these conversations!

No, this is a question of the public. I have long complained that the German media always toe the government line, reflecting only the politically correct or sought-after opinion, permitting no alternative thinking whatsoever, inviting no critics onto the talk shows. That is a bad thing and has led to one-track thinking, which is what the authorities want. As if this were a crisis with no alternative solutions! But there are alternatives; they are just not along the lines of high finance, which is [in the government's view] supposed to be saved at all costs.

Zepp-LaRouche: Unfortunately, I have to agree with you; my husband, at any rate, has long forecast the crisis, and if you read today's *Spiegel*, about who was supposedly important in this respect, you find Professor Unsinn³ of the IFO sounding off.

As you know, my husband is also calling for a new, worldwide financial architecture, a New Bretton Woods; and it is not only a new financial architecture that we need, but also construction of the Eurasian Land-Bridge, which would provide a concrete investment framework for such a new financial structure. Perhaps you could comment on that.

Hankel: Well, the Eurasian Land-Bridge is just as important as securing supplies of raw materials from Siberia, and part of the same process. The Eurasian Land-Bridge, the new pipelines that former Chancellor Gerhard Schröder stood for: These are all very important projects, which would not only guarantee supplies to Europe, but would also provide orders for German machine builders and pipe producers, thereby securing jobs. That is very important. Naturally, in the long term, the stabilization of the international financial system is also important and indispensable.

3. Hans-Werner Sinn is the head of the Institute for Economic Research at Munich University; the pun on his name could be translated as "Professor Poppycock."

But I think we have to stick to a timetable of priorities. The first thing to do is to get our national house in order. Then, the cancerous sores of the Western system must be eliminated. I am referring to "overbanking": When it comes to the financial sector, we are oversubscribed. And that is also the structural explanation of this crisis. Where there is "underbanking" instead of "overbanking"—as, for example, in the Third World—this crisis does not exist. Of course, they have other problems: inadequate national investment and too much "dead capital." But we have made sure that because of overbanking, our financial resources are not steered toward the real economy, but have remained in the financial sector and used as fuel for speculation, hence, bubble-creation, with the downright perverse notion that assets are created by money, and not by hard work. This notion must be eradicated, and for that, we naturally need a new financial system.

Develop Africa

Zepp-LaRouche: We also think that part of the auto industry could be retooled to produce tractors and agricultural machinery for the development of Africa; there is no reason that China should be the only country developing Africa's infrastructure. We could conclude contracts, for example, for long-term supply of raw materials, and we would build important infrastructure to that end. Wouldn't that be a reasonable thing to do?

Hankel: Absolutely reasonable. And we should also incorporate the healthy part of our financial apparatus into providing funds for it, since what our Far Eastern neighbors, the Chinese, are doing in Africa is by no means the latest word in modernization, and so this would only be useful to the Africans with certain reservations, whereas its primary function would be to secure China's raw material supplies.

So I think we have to do more for Africa, and that we *can* do it too. But that presupposes that we first do what we have hitherto criminally neglected: create the lacking financial infrastructure. Because all these countries—for 40 years I have been in this business, and advising governments and central banks—have quite considerable national savings, on the average about 5% of gross domestic product. But these savings remain dead capital; they are invested in bazaar products, or in dollars, or are hoarded. That is simply



www.chinese-embassy.org.uk

Young Tanzanians are trained by a Chinese instructor in construction of technology for coal mining. This was the first Chinese-sponsored heavy industrial enterprise in Africa. If China can develop Africa, why can't the West?

because these countries are not in a position to transform their savings into national investment credits, through an efficient banking apparatus. That is the main problem of the African states: to eliminate their underbanking, and place themselves in a position to use their own savings potential themselves.

Values and Economics

Zepp-LaRouche: You have said that we have to look to the older generation for expertise. Perhaps you could say something more about the values that have to be returned to the economy, if we are to emerge from this crisis.

Hankel: We old-timers have always known that economic science is a moral science: It was oriented toward the common good, and not to the private egoism of an individual businessman, nor to the maximization of the profits of enterprises. The common good is the basis of economics, and the economist is a social doctor, who has to have the mission and also the ethos to keep his patients healthy, and if they get sick, to get them healthy again. That should never be lost sight of.

But *it has* been lost sight of in Germany, such that the field of economic science has been senselessly split between business administration and economics, with the result that the business managers know too little about

the national economy, and the economists are not well enough informed about issues of accounting law, management, and the problems of HRE.

So, it's not just that we must go back to the older generation of economists in Germany, but we must also reestablish the field on the basis of the micro- and macro-economy. That is a request that generally has to be made of the universities. And I, among others, am addressing a special request to my own alma mater in Frankfurt: We should not have a substantial part of the faculty funded by private sponsors! We have a newly established House of Finance in Frankfurt, that has had virtually nothing to say about the misery of the financial sector, because the

professors are afraid of making their financial backers angry.

Zepp-LaRouche: Therefore, we need this new Pecora Commission. Maybe you could say a bit about that, in conclusion.

Hankel: It is needed today in all the financially hard-hit countries, practically in all the big Western industrial countries. Not only in the United States, but maybe even a lot more in Great Britain, and in the Germany, which is dominated by the EU.

The financial fundamentals in Germany are significantly better than in most of the Western industrial countries. We have a strong public savings bank sector and credit unions organized as cooperatives. They have done better in this crisis than the private banks—not least, because they have the greater ethos. But we too need a commission to investigate the sins of the private banks, and then, we will be able to draw reasonable conclusions about what a future banking system, suitable to our situation, would look like.

One thing is already certain, however: It should be less oriented toward the stock market, and much more toward the needs of the real economy and the domestic market. That is what has been lacking in this crisis, and it is now taking its revenge.

Zepp-LaRouche: Thank you.

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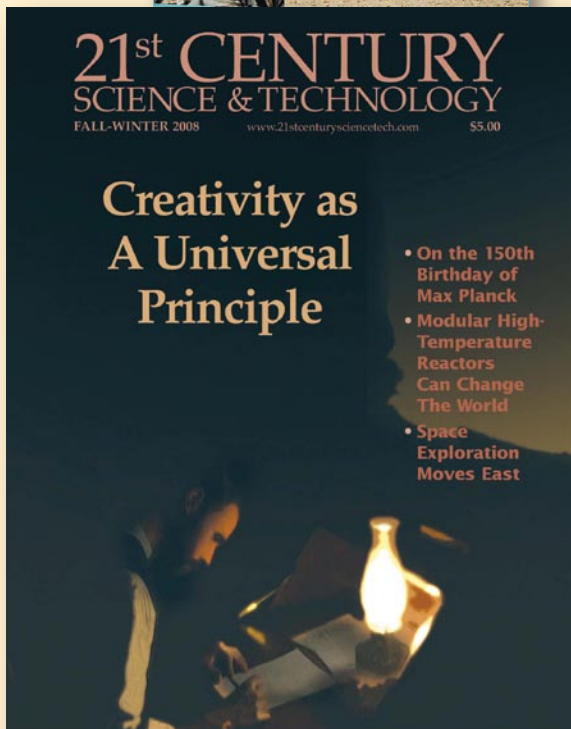
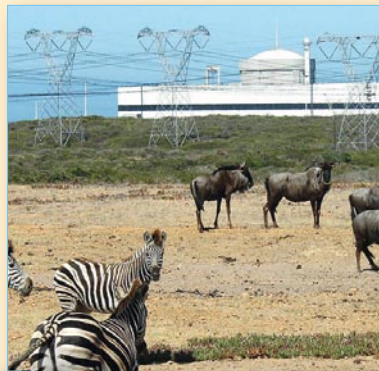
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THE NOÖSPHERE

Ukrainian Conference Summons LaRouche in Time of Crisis

by Rachel Douglas

Representatives of Lyndon LaRouche were received with enthusiasm as featured speakers at a conference in Ukraine titled “Physical Economy: Research Methodology and the Global Mission of Ukraine,” held April 9 at the Kiev National Economic University (KNEU). In the midst of world economic breakdown, on the heels of the utter failure of the April 2 London Group of 20 summit to address that crisis, and as guests in a large European country (population, 46 million), which has been written off in too many quarters as a “failed state,” our delegation encountered, both at the April 9 event, and in smaller seminars and private discussions with politicians, scientists, youth activists and other Ukrainian citizens, and guests from Russia, serious searching for innovative ways to address the national and global systemic crisis. It is coupled with hope that something better will be forthcoming from the United States, than at present.

The quality of these discussions contrasted sharply with the farcical outward face of Ukrainian politics since George Soros’s Orange Revolution of December 2004. That period of less than three and a half years has seen three parliamentary elections and four governments, constant squabbling between current President Victor Yushchenko and Prime Minister Yulia Tymoshenko, and a slide into economic depression, especially in eastern Ukraine, with the collapse of the nation’s export markets for steel. At the end of 2008, with

export revenue falling fast, Ukraine turned to the International Monetary Fund for a loan of \$16 billion. As might be expected, it came with strings attached, such as hiring foreign consultants—Soros’s Blackstone Group was chosen—to advise on fiscal decisions, and slashing government spending, including pensions. While our delegation was in Ukraine, April 8-14, the Supreme Rada (Parliament) refused to approve budget cuts demanded as a condition for release of the latest small tranche of the IMF credit, so Tymoshenko’s cabinet enacted the cuts by decree.

It was the perfect moment to concentrate, in contrast, on the most profound and powerful ideas ever to emerge from Ukraine, those of Academician Vladimir I. Vernadsky (1863-1945) of the Russian and Ukrainian Academies of Science. Thus, the main submissions from the LaRouche movement to the April 9 conference were LaRouche’s paper, “The Principle of Mind” (pre-published in *EIR* of April 3, 2009), and the essay by Sky Shields of the LaRouche Youth Movement’s Basement team, “Human Creative Reason as a Fundamental Principle in Physics” (*EIR*, Oct. 17, 2008). Both articles will appear in English, with partial translation into Russian, in the conference proceedings. The LaRouche movement delegates in Kiev were Shields and this author, as *EIR* journalist and a longtime representative of LaRouche and the Schiller Institute in north-central Eurasia.



KNEU/Katerina Nushenko

Rachel Douglas delivers greetings from Lyndon LaRouche to the Podolynsky conference, in Kiev, Ukraine, April 9, where participants were eager to discuss innovative ways of overcoming the national and global crisis.

The Decisive Role of Muranivsky

The “Physical Economy” conference was co-sponsored by the KNEU and the Serhiy Podolynsky Scientific Society, founded in 1995. As chairman of the Podolynsky group, Prof. Volodymyr Shevchuk, reported at a 2001 Schiller Institute conference in Bad Schwalbach, Germany, “Our Society came into being, and is developing, hand in hand with the Schiller Institute.” Shevchuk traces the Podolynsky Society’s agenda of ideas and research topics, in part, to the revival of attention to Podolynsky’s writings, by the Russian scientist and industry organizer Pobisk Kuznetsov, and the famous Ukrainian Soviet-period dissident Mykola Rudenko, both now deceased.

But the decisive impulse came from the late Prof. Taras V. Muranivsky, the Ukrainian-born, Moscow-based economist who allied himself with LaRouche, and led the Schiller Institute in Moscow from 1993 until his death in 2000. Born just two years after the horrific 1933 famine known in Ukraine as the Holodomor (death by starvation), which took millions of lives in Ukraine, Moldova, and southern Russia, during the collectivization of agriculture, Muranivsky always held that LaRouche’s ideas, and Vernadsky’s, were the key to harmonious development of Russia and Ukraine as sister nations. He tirelessly promoted LaRouche’s “sci-

ence of physical economy” in Russia as well as Ukraine, and wrote articles arguing that the best initiatives in the thinking of Podolynsky, Vernadsky, and other associates of the latter, have found their highest realization, to date, in LaRouche’s work.

Podolynsky (1850-91), half a generation older than Vernadsky, influenced the latter’s thinking about the Biosphere and the science of biogeochemistry, especially through Podolynsky’s study of the energetic characteristics of plant life. Current Podolynsky specialists, including some who spoke at the Kiev conference, pay a great deal of attention to Podolynsky’s polemics with Karl Marx about the labor theory of value, against which Podolynsky urged that sunlight through plant life, representing a process having “greater than 100% efficiency,” as Kuznetsov put it, creates new value. One wing of Podolynsky students even describes him as an extension of the physiocratic school of Quesnay et al., insofar as Podolynsky added to the physiocrats’ “bounty of nature,” the “bounty of the Sun.” Indeed, it was during polemics with Kuznetsov over the quantitative treatment of “energy,” that LaRouche decided to shift from saying “negentropy,” to “anti-entropy,” in an attempt to express the kind of change, and creation of new value, which is accomplished typically by human cognition.

Muranivsky, however, always urged that the most important of Podolynsky’s writings was his 1880 essay, “Human Labor and Its Relationship to the Distribution of Energy,” which he believed pointed in the direction of LaRouche’s view of historical increases in the energy flux-density of human economic processes, through technological advance. “Like LaRouche,” Muranivsky wrote in 1993, “Podolynsky analyzes economic processes in their inseparable connection with the development of energy systems (both natural ones, and those involving technology). In particular, he stresses, ‘The productivity of human labor is significantly increased by the use of that labor for transforming lower kinds of energy into higher; for example, by raising working cattle, constructing machines, and so forth.’”

‘Physical Economy’ Studied in Ukraine

The term “physical economy” was reintroduced, internationally, by LaRouche, notably in his 1984 book, *So, You Wish to Learn All About Economics?* (Russian and Ukrainian editions, 1993) and the 1994 essay “Physical Economy as the Platonic Epistemological Basis of All Branches of Human Knowledge” (*EIR*,



EIRNS

Rachel Douglas (third from left) is joined, before a monument to the great Ukrainian/Russian scientist V.I. Vernadsky, by (left to right): Lyudmila Vorobyova (Kyiv National Economic University); Sky Shields (LaRouche Youth Movement); Alexander A. Ignatenko (Kremenchuk Museum); Katerina Nuzhnenko (KNEU); and Alexandra I. Sheremetyeva (area rural council head).

Feb. 25, March 4, and March 11, 1994), which Muravivsky brought out in Russian as a book, *Physical Economy*, in 1997. At KNEU, with added emphasis on the heritage of Podolynsky and Vernadsky, and Rudenko's writings, "physical economy" is a topic-area of growing popularity.

Thus, speakers at the April 9 conference reflected the depth of recognition and the authority of LaRouche in Ukraine. Lyudmila Vorobyova, a KNEU lecturer in economic history whose Ph.D. thesis on "The Ukrainian School of Physical Economy" included a chapter on LaRouche's economic writings, made her presentation on "S. Podolynsky's Energy Theory and the Physi-

cal Economy of Lyndon LaRouche." Col. Alexander A. Ignatenko (ret.), scientific expert of the Kremenchuk Regional Museum, in his speech on "The Development of Podolynsky's Ideas in the Works of V. Vernadsky," cited LaRouche's accurate forecasts, in order to situate the tasks before Ukraine and mankind in the current crisis: the question of "what we ought to know, and what we ought to be able to do, in order even to dare to hope, in our time of truly cosmic transformations of humanity, a time weighted down, moreover, by the world's having entered that global financial and economic crisis, predicted by Lyndon LaRouche back in 1983, because the old model of economics is exhausted."

Academician Anatoli Pavlenko, rector of the KNEU, opened the conference. He announced the participation of guests from Russia, China, and Belarus, as well as the LaRouche delegation from the U.S.A. A second member of the Ukrainian Academy of Sciences, physicist Ihor Yukhnovsky, then read a message of greeting from President Yushchenko, who hailed the conference as "unique," and affirmed his openness to its proposals.

Academician Yukhnovsky also gave one of the keynote presentations, pleading for new initiatives to reverse the collapse of industry and agriculture in Ukraine. One less than inspiring project he mentioned was an effort by teams of Ukrainian physicists and mathematicians to identify new export markets, to replace the disappeared steel market. But the systemic nature of the global crisis did not figure in Yukhnovsky's remarks. More promising was the presentation by Podolynsky Society head Shevchuk, who said that dealing with the crisis must not be merely a "fashionable" topic. He called to apply the universal ideas of Vernadsky, especially his differentiation of the abiotic, living, and cognitive levels of existence, as an "immortal" gift of Ukrainian science for addressing every problem which may confront humanity. Shevchuk pledged that the conference would generate a package of initiatives for submission to the President of Ukraine as the basis for cooperation with other countries.

After these speeches and that of conference co-chairman Prof. Sergei Stepanenko, vice-rector of the KNEU, came LaRouche's message. I read a Russian translation of LaRouche's greeting, "Science and Soci-

ety Now” (see below), and then showed a Russian-dubbed excerpt from his March 21 webcast, in which LaRouche, in discussing a recent article by the U.S. economist James Galbraith, attacked the fallacy of policy decisions based upon flawed axioms and the past experience of people alive today. That excerpt demonstrated the need for truly creative thinking, as discussed in “The Principle of Mind.” There was enough time to read passages from LaRouche’s conference paper, including the beginning, the conclusion on “What Is Reality?” and a section in the middle, where LaRouche emphasizes the resonance of Vernadsky’s ideas with the policies of his contemporary, U.S. President Franklin Roosevelt: “What is crucial . . . in the achievements of Academician Vernadsky, is that these have coincided precisely with what had been those of President Franklin Roosevelt’s commitment to physical-scientific progress in the domain of a science of physical economy, as his policy was later opposed under the leadership provided by the British-led, fascist opinions and policies of such among Roosevelt’s vicious, pro-fascist adversaries as John Maynard Keynes and President Harry S Truman.”

The highlight of the afternoon session was LaRouche Basement team leader Sky Shields’ report to the conference on the method taken by the LaRouche Youth Movement in the current crisis (see below). Although many conference participants may not have realized it immediately, Shields’ presentation was a challenge not only to generally accepted reductionism, but to the systems analysis approaches, rampant in Ukraine and Russia, which purport to be alternatives to reductionism, but are equally hostile to creative thinking.

In closing the April 9 event, Professor Stepanenko pledged to take under consideration the formulation of a conference resolution, including what was presented by this writer in the form of a message from Schiller Institute founder Helga Zepp-LaRouche. “She expressed the hope,” I reported to the conference, “that a resolution from this conference, if one is adopted, might exert a healthy influence, while the leaders of almost all countries keep throwing money into a black hole, on the creation of a coalition of countries, intent on finding solutions based on physical economy. It could say that ‘the participants of the conference have recognized the systemic nature of the world financial and economic crisis. They call upon scientists, statesmen, and citizens of all nations to seek solutions based on the ideas of physical economy, in the tradition of Leibniz, Hamil-

ton, Carey, List, Mendelejev, Podolynsky, Vernadsky, and LaRouche.’”

From the Black Earth to the Cosmos

LaRouche having referred, in his conference greeting, to the historical strength of Ukraine in its agriculture, its industry, and its science, we were delighted to have the opportunity to visit the central Poltava Region, 300 km down the Dniepr River from Kiev. Its second-largest city, Kremenchuk, is where Vernadsky and his teacher, Dokuchayev, conducted soil research in the 1890s, during which time, Vernadsky began to formulate his concepts of the Biosphere and the Noösphere.

We travelled through the great expanses of *chernozym* (black earth), which is the richest agricultural land on the planet. Like the rich soil in Iowa, it is located in the boundary area of the furthest extent of the last great glaciation, as well as in the basin of an ancient inland sea.

From the *chernozym*, we stepped into Vernadsky’s Noösphere, taking a tour of the regional museum in Kremenchuk. This is the historic heart of Ukraine, where Peter the Great defeated the Hetman Mazepa, who was allied with the Swedes during the Great Northern War, at the turn of the 17th to the 18th Century, and ended the independence of Ukraine. The regional museum was designed on the same principles as the Vernadsky State Geological Museum in Moscow, which LaRouche toured in 2001, and has often mentioned.

The basement of this museum started with the Paleolithic era, or with the geological formations before that, then, the first signs of human culture in these regions. We went through the stages of development of Ukrainian culture and the battles, and different types of social organization, including a moving display on the Great Patriotic War, World War II. This area was completely devastated; 97% of the buildings were destroyed during the War. But, the top floor of the museum is on the space program. Colonel Ignatenko, who gave us this tour, is not only an expert on Vernadsky, but also, the biographer of the Ukrainian space scientist Kondratiuk, an engineer and visionary, who, in the 1920s, wrote a treatise on interplanetary space flight, in which he proposed that the gravitational field of the planets, the Moon, etc., would be used to give a slingshot effect, a gravitational boost to accelerate a spacecraft. And when it came to the American Moon shots, in the 1960s, there were different plans, such as going with a straight shot, to use as little fuel as possible. But a NASA scien-



EIRNS/Rachel Douglas

tist was tasked with studying everything ever written on potential modes of interplanetary space flight. And in the Library of Congress was this book by Kondratiuk. And it's what we used; it's how we got to the Moon, by using this Ukrainian trajectory.

The presentation of this history by the museum director, with pride and passion in this Ukrainian scientific tradition, summed up the core idea of the dialogue our delegation had throughout the week. We heard technology discussions ranging from electric power generation schemes in the Black Sea, to the use of Ukrainian maglev technologies in Africa. Even tour guides at the museum of the 1986 Chernobyl nuclear plant accident start by stating that there is no alternative to nuclear power.

Other meetings included Kremenchuk city officials (more knowledgeable about President Franklin Roosevelt's 1933 bank holiday policy, than many of their American counterparts), high school students, political party activists, and political analysts. Coverage of LaRouche's intervention at the KNEU/Podolynsky conference appeared on the website of economist Natalia Vitrenko's Progressive Socialist Party of Ukraine, under a headline paraphrasing LaRouche: "The Economists Who Got the World into This Mess Should Shut Up." The People's Democratic League of Youth reported enthusiastically on its site about the coincidence of their own programs for emphasizing youth leadership and creativity, with what Shields presented about the LYM's current activity. On April 24, the Glavred political club published a full transcript of a roundtable

LaRouche representatives Douglas and Shields traveled through Ukraine's famous chernozom (black earth) regions, the richest agricultural land on the planet. They visited the Teplichny vegetable-growing complex, in Kalinovka, where they viewed the heating units (left); and observed extensive tomato vines, tended by a worker (below).



EIRNS/Rachel Douglas

discussion with Shields and me, held at the club on April 13. It featured the same excerpt from LaRouche's March 21 webcast, along with our verbal update on what LaRouche had presented on April 11: the urgent requirement to defeat the behaviorist economic school of Larry Summers, Peter Orszag, et al., and get the U.S.A. back on the track of FDR and LaRouche.

Greetings to Kiev Conference

Science & Society Now

by Lyndon H. LaRouche, Jr.

April 5, 2009

Lyndon LaRouche's greeting to the Kiev Conference on Physical Economy: Research Methodology and Global Mission of Ukraine, was read by Rachel Douglas.

This conference proceeds under the conditions of a moment of one of the greatest crises of modern civilization, a global crisis in the most profound meaning of those terms. This is not merely a political, financial, and physical-economic crisis; it is also a crisis which touches the foundations of what mankind has become accustomed to call science.

It is a crisis which touches some of the most fundamental achievements of that great figure of both the Russian and Ukrainian Academies of Science, Vladimir Ivanovich Vernadsky, whose work is both inseparable from his association with the subjects of this conference, here today. These include, prominently, the intertwined issues of the principles of life and physical chemistry, but, also, the matter of remedies for the profound, global political-economic crisis whose victims include both Russia and Ukraine today.

For this occasion, I have submitted a report which touches significantly on the combined political and scientific issues of that crisis, and of that relevant, leading role of the scientific achievements of Academician V.I. Vernadsky and his associates, which bear upon defining urgently required solutions for that globally systemic political-economic and social crisis which grips all nations and peoples on this planet, immediately, today.

I would propose that we reflect upon the relevance for the present crisis of the world at-large, of the great agricultural, industrial power, and role in science, in Ukraine, during past times. I also propose that we reflect on the crucially important role of the past scientific and related contributions of Ukraine and Russia which bear on the great mission of Asian development which will confront us all, globally, if we permit civilization to continue its present slide toward the brink of the abyss

of a planetary “new dark age.”

I would emphasize a fact which may be known to those of you assembled for this conference, but is, presently, rarely recognized in the world at-large, of the revolutionary advances in the physical condition of all mankind which exist still, as among the relevant remedies for this presently onrushing general, physical breakdown-crisis of the planet, remedies which are to be found as crucially important contributions in the signal contributions by the great V.I. Vernadsky and his collaborators of his lifetime.

Sky Shields

Economic Progress Begins With Creative Discovery

LaRouche Youth Movement leader Sky Shields delivered this speech, on April 9, to the Kiev Conference on Physical Economy: Research Methodology and Global Mission of Ukraine.

I would like to now give you a picture of the political and economic role of the LaRouche Youth Movement internationally. In particular, the unique and important role in it of the works of Vladimir Ivanovich Vernadsky.

You have heard from LaRouche's statement of greeting to this conference, that what we face now is an economic and strategic crisis. It is also, by that very definition, a scientific crisis. The economic progress of humankind is not the management of flows of scarce resources. It is exactly that definition of economics which has created the crisis which we now face; it is that definition of economics which has created the current speculative looting of the physical economy, as a necessary, predicated epiphenomenon.

The true definition of physical economic progress begins not at the point of production. Nor does it begin at the point of extraction of raw resources. It begins with the act of creative discovery which makes those raw materials into resources in the first place. It begins with the activities of creative human individuals, who possess the capability of wielding irony and metaphor, in their physical, scientific expression to discover—



KNEU/Katerina Nuzhnenko

LaRouche Youth Movement leader Sky Shields (right) reports to the conference on the Basement project, led by Lyndon LaRouche. The “Basement,” Shields declared, “is dedicated to a revival of the sort of scientific ideas which represent the anti-reductionist trend in physical science—the sole source of progress in all of human history.” Rachel Douglas is translating into Russian.

and create, lawfully—new laws which govern the behavior of the universe around them. Not least among these—in fact, the greatest among these—are the class of discoveries which create the laws governing human activity, and the fostering of this type of creative mentation among the greatest possible number of human individuals.

This definition of physical economy is what has been lost. In it, the most valuable natural resource is the human individual, viewed not as a source of mere manual labor, but as a source of potential creative activity and discovery, actively transforming the means in which he and others labor. It is for this reason that there is no resolution to the current economic crisis, unless currently prevailing reductionist trends in scientific and cultural thought are also, forcefully, overturned. This is

the mission of the LaRouche Youth Movement—in this way we seek to create the scientific, cultural, and political leadership of a new era, capable of lifting us upwards, out of the current threat of a global new dark age.

The ‘Basement’: The ‘Narrow Path’

I have the privilege and the pleasure to be working in Mr. LaRouche’s “Basement.” While this is, in fact, a basement, it is also currently the center of our scientific activities internationally—dedicated to a revival of the sort of scientific ideas which represent, and have represented the opposing, anti-reductionist trend in physical science, which has been the sole source of progress in all of human history. LaRouche’s program for us centered upon what he called the “narrow path,” from Johannes Kepler, to Carl Friederich Gauss, to Bernhard Riemann, and culminating with the work of Albert Einstein, and the advances upon Einstein’s work made by V.I. Vernadsky.

This process began with a thorough working through, by one of my colleagues, Jason Ross, of one of the works of the figure who possibly best embodies this ideal of the creative, rigorous, non-reductionist, humanist thinker—Johannes Kepler. In this work, the *New Astronomy*, Kepler presents arguably the most complete, detailed, and exciting exposition of the process of a creative thought process leading to a discovery ever presented in human history. Sadly, this process has been intention-

ally suppressed in the standard treatment of Kepler in schools, and he has been reduced to a sadly non-representative set of “three laws.”

Jason’s work was to remedy that omission, by “animating” the ideas presented by Kepler in that book, and using them to create an educational program, deployable throughout our movement, and then, more broadly, to revive the methodological approach which lay behind this most important of human discoveries—the creation of astrophysics as a physical science (see <http://www.wlym.com/~animations/>). The material on the website, contained also, as supplementary material, on the DVD which I am now showing you, is an interactive aid to a direct study of Kepler’s *New Astronomy*, featuring no simplifications of, or substitutions for, the actual text of Kepler’s book; it is only a sort of amplification, stating

what Kepler himself might have, if given access to multimedia capabilities. It follows the text, chapter by chapter, with added elements of background, which would have been familiar to Kepler's audience, but which would otherwise be foreign to the modern reader.

The necessity of this multimedia treatment became even more clear with the second phase of this project. While the ability to work through Kepler's *New Astronomy* was deployed throughout the movement, in the form of the website and video classes given by Jason and others, a team was deployed to similarly "animate" Kepler's magnum opus, *The Harmonies of the World*. This work of Kepler's is most hated by the reductionists, and since it draws so heavily on the science of harmony, and musical relationships, I think it is really safe to say that, until our multimedia treatment of it, the true content of the material could not be revealed—at least not to as wide an audience as is truly necessary. We now have the capability of taking the thought process of this great mind, in his greatest work, and making it intelligible enough to form the intellectual basis of a global political-economic youth movement.

With that work done, we had the ability to open up the work of another thinker, who was in his work not so forthcoming as Kepler was. This was Carl Friedrich Gauss, who is often claimed by the mathematical reductionists to be "the prince of mathematics." While he may be deserving of this title, our mission was to demonstrate that its aptness was not at all understood by anyone who was not aware of Kepler's own epistemological outlook.

This project was continued, in a sense, into the culminating work of Bernhard Riemann, and its expression in the works of the two great scientists Albert Einstein and V.I. Vernadsky. Outside of his own work in economics, LaRouche has repeatedly stressed, no one has gone further, conceptually, than the work of Riemann and that expression of Riemannian ideas which occurs in the works of these two great thinkers. Our approach to the animation of their work has been multi-pronged. It has included the production of pedagogical material largely in the form of video product, as well as the ongoing project of the translation of much of Vernadsky's later works into English.

Riemannian Dynamics

The paper which I have submitted for this conference, titled, "Human Creative Reason as a Fundamen-

tal Principle in Physics," details the results of pursuing a reference of Vernadsky's, in one of these translations, to the gestalt psychological studies of Wolfgang Köhler. As well, we recently concluded a conference which featured a dialogue between members of our national movement on questions of science and culture, developing the ideas which were subsequently deployed into their respective regions. These youth conferences will be an ongoing project, in which we hope youth from here in Kiev will soon also be interested in taking part.

The central mission of all of this, is to present a concept of Riemannian dynamics as it appears, among other places, in physical economic processes and in the work of V.I. Vernadsky on determining the characteristics of the fundamentally distinct, but interrelated phase spaces of the non-living (or pre-biotic), the living (biotic), and cognitive, or noetic processes. The fact that the behavior of these two higher phase spaces escapes description by all mechanistic models is our hint that the standard models of even the supposedly abiotic, lower domain are greatly in error. Our presentation of the evidence of this case, and the experimentally demonstrable distinction of these three phase spaces, now begins to form the basis for a fundamental revolution in the concepts which govern economic policy today.

Erroneous economic models, premised upon ideas irresponsibly carried over in the form of mathematical models from reductionist attempts to describe processes in abiotic physics, must now be eliminated from their positions of prominence. These include such models as free trade, on the one side, and so-called "sustainable development," on the other. These two idols clearly stem from thermodynamic misconceptions which have no place in the description of living processes, to say nothing of the dynamic interrelations of the anti-entropic development of a healthy human economy.

With this conceptual underpinning as the thrust of our political activity, we are intervening into the current global crisis facing us today. The evident failure of the nominal leadership of the United States and elsewhere has now placed LaRouche and his movement center stage, simply by necessity. And we are forcing the sort of cultural transformation which will be uniquely capable of turning humanity back onto the road of progress—and prevent the collapse of civilization, globally, for generations yet to come.

International Intelligence

Polish Geologists Join 'Global Warming' Skeptics

April 25—The Geological Science Committee of the Polish National Academy of Sciences has released a position paper on the “climate change” debate, denouncing “unwarranted simplifications” and bad science.

In the paper, the Committee states: “The climate of the Earth depends on the interaction between the surface and the atmosphere, both of which are heated by solar radiation characterized by a cyclical, variable intensity. The climate is influenced by the Earth’s yearly revolution around the Sun, thermics, changes in ocean waters flow, air mass movement, mountain mass position, their uplift and erosion in time, as well as changes in the continents’ position as a result of their permanent shifting.”

Referring to the quality of the data and the models used by the Intergovernmental Panel on Climate Change (IPCC), the statement goes on: “Detailed monitoring of climate parameters has been carried out for slightly over 200 years; it only covers parts of the continents, which constitute only 28% of the world. Some of the older measuring stations established, as a result of progressive urbanization, in the peripheries of the cities, are now within them. This factor, among others, is the reason for the rise of the measured values of temperature. Research into the vast areas of the oceans only began 40 years ago. Measurements taken for such short periods of time cannot be considered as a firm basis for creating fully reliable models of thermal changes on the surface of the Earth, and their accuracy is difficult to verify. That is why there needs to be far-reaching restraint regarding blaming, or even giving the biggest credit to man for the increased level of emissions of greenhouse gases, for such a theory has not been proven.”

The Geological Committee concluded: “Experiments in natural science

show that one-sided observations, those that take no account of the multiplicity of factors determining certain processes in the geo-system, lead to unwarranted simplifications and wrong conclusions when trying to explain natural phenomena. Thus, politicians who rely on incomplete data may take wrong decisions. It makes room for politically correct lobbying, especially on the side of business marketing of exceptionally expensive, so-called eco-friendly energy technologies or those offering CO₂ storage (sequestration) in exploited deposits. It has little to do with what is objective in nature. Taking radical and expensive economic measures aiming at implementing the emission only of a few greenhouse gases, with no multi-sided research into climate change, may turn out to be counterproductive.”

An English translation of the full paper is at <http://www.staff.livjm.ac.uk/spsbpeis/PAS.htm>.

Eurasian Land-Bridge: Progress in Caspian Area

April 21—Armenia has reached an agreement with Iran on a \$400 million loan for the construction of a railway between the two countries, RIA Novosti reports, in coverage of statements by Armenian Transport Minister Gurgun Sargsyan. An agreement on the construction of the strategic route was signed by Sargsyan and his Iranian counterpart, Hamed Behbahani, on April 14 in Tehran. A working group will take about three months to carry out a feasibility study.

“In addition, Armenia is in negotiations with the Asian Development Bank, the World Bank, and other concerned parties,” Sargsyan told journalists.

Construction of the 500 kilometer railway, with 60 km in Iranian territory, is expected to take at least five years and cost \$1.5-1.8 billion. The railway, with the Armenian section connecting the northern city of Sevan to the southern

city of Meghri, on the border with Iran, will ensure the transportation of energy supplies and other goods, and increase trade between the countries. This will be one of the key branches of the Grand North-South Railway Transport Corridor from St. Petersburg to the Iranian shore of the Persian Gulf.

Land-locked Armenia has rail links with other countries, so far, only through the territory of Georgia, which is complicated by Tbilisi’s fractious relations with Moscow. Russia and Ukraine have expressed interest in financing the project.

Terrorist Shootout With Turkish Police

April 27—Turkish authorities conducted more than 60 raids today against Islamic and leftist militants. In Istanbul, a firefight broke out, leaving three people dead, including a senior police officer, and seven wounded. The authorities, according to today’s *Zaman* newspaper, report that the militants were planning “sensational attacks.” Fifty people were arrested in total.

Speaking of the raids in Istanbul, Gov. Muammer Güler said, “These are extreme leftist, separatists and radical groups. There are more than ten detained in operations. Terrorists responded by throwing bombs in some places and seven policemen were wounded.”

After today’s actions, a group called the Revolutionary Headquarters declared that they were fighting in the spirit of Mahir Cayan and Deniz Gezmiş, two terrorists active in the 1960s and 1970s, both of whom were killed by security forces. The battles of the 1970s left 5,000 dead.

Mahir Cayan, in the 1960s, cooperated with the Turkish Workers Party, whose leader, Dogu Perincek, is currently on trial for his role in the terrorist Ergenekon network.

In recent weeks, the government’s investigation of Ergenekon has expand-

Briefly

ed, with new arrests and the discovery of arms caches in Istanbul and Ankara. A total of 146 people are either on trial or are facing trial in the investigations.

Turkey has just lifted a ban on May Day celebrations imposed by the military junta that took power in 1980. Celebrations will be allowed, but not at the traditional location at Taksim Square, where dozens of people were killed in 1977.

Blair Crusades for Global Religious War

April 24—Ten years ago, then-British Prime Minister Tony Blair went to Chicago's Council on Global Affairs to assert globalization's "Doctrine of International Community," replacing the Westphalian system of sovereign nation-states with "preventive war" doctrine of global imperial intervention.

Now he's out for war against Iran. On April 22, Blair returned to the Council to insist that that imperial interventionist "International Community" doctrine must continue, but be deepened and expanded to "completely reshape" foreign policy, around a global religious war against "extremist" Islam.

"The struggle faced by the world... is posed by an extreme and misguided form of Islam," he intoned. "And there are elements in the leadership of a major country, namely Iran, that can support and succour its practioners."

It's okay to reach out to the Muslim world, as President Obama has done, he said, but "it will expose, too, the delusion of believing that there is any alternative to waging this struggle to its conclusion."

"It is time to wrench ourselves out of a state of denial. There is one major factor in common" to the problems in Pakistan, Indonesia, the Philippines, Lebanon, Palestine, and much of northern Africa: The forces who argue they are fighting in the name of Islam, Blair declared.

This is a war which "is not going to be won except over a prolonged period"; it is "akin to fighting revolutionary communism," he went on. It will require "hard power"—military intervention—and "soft power."

Musharraf Says He's Ready To Run Pakistan

April 24—Pakistan's former President, Gen. Pervez Musharraf (ret.), today declared his readiness to return to office, if the political and economic situation in Pakistan continues to deteriorate. Interviewed by Sir David Frost for al-Jazeera television, Musharraf said he would consider serving another term if he felt he could make a valuable contribution.

Since Musharraf was forced out of office last year, the situation in Pakistan has deteriorated very rapidly. Lyndon LaRouche has described Musharraf as the only leader capable of dealing with the situation.

Musharraf told Frost he had decided to resign because if he had remained in office, he would have become "some kind of an impotent President. I'm not the kind of person who sits around uselessly. I can't be a useless man." Since stepping down, he said, he was "dependent" about what was happening, particularly now that the Taliban have been allowed to introduce *Sharia* law in the Swat Valley. He said he believed the Taliban now constitute a far greater threat to Pakistan than al-Qaeda.

Musharraf blamed the United States for the "trust deficit" between Washington and Islamabad.

The Pakistani Army is reportedly mobilizing for a confrontation with the Taliban in the Swat Valley, and the day after Musharraf spoke, Taliban fighters stopped an Army convoy which was trying to enter the valley. The Press Trust of India reported that a stand-off is apparently building up between the Army and the Taliban.

MEXICO will not proceed with planned water supply cuts to Mexico City May 1-4, announced Luege Tamargo, the president of the national water commission, Conagua. Tamargo is an agent of the World Wildlife Fund, as *EIR* has exposed, so it looks like he was leaned on by the government. Three water reductions have already occurred. The Cutzamala System's dams are at 45% of their normal water level, the lowest in history.

THE RAT POPULATION of Great Britain has increased by 13% in the past year, to more than 50 million. Peter Crowden, the chairman of the National Pest Technicians Association, notes that rats can spread more than 35 diseases. "The government needs to look at this," he said. "Budgets are being cut. If they don't do something, it's going to be a serious public health risk."

UNEMPLOYMENT IN SPAIN is at 17.4%, or 4.01 million, with an increase of more than 800,000 in the first quarter of the year. Since January, Spain has lost jobs at the rate of 9,000 per day.

SOUTH KOREA'S HYUNDAI Heavy Industries Co., the world's largest shipbuilder, said on April 27 that its new orders had plunged 83% in the first quarter from a year earlier.

THE JAPANESE government has drastically cut its economic forecast for the current fiscal year. The "growth" forecast has been revised from zero to a 3.3% drop. Tokyo now predicts industrial production falling 23.4%, against the previous forecast of a 4.8% drop, and exports slipping 27.6% compared with the 3.2% fall expected earlier.

LaRouche Demands a Thorough Investigation into Freddie Mac

by John Hoefle

April 24—Lyndon LaRouche has called for a thorough investigation into the April 22 death of the acting chief financial officer of mortgage giant Freddie Mac. “Any attempt to cover up the implications of this case would attract great suspicion,” LaRouche warned. “There must be a clean and accurate account of this to the general public, particularly because of the frauds in this area by former U.S. Secretary of the Treasury Hank Paulson and others. Nothing can be covered up. There must be full disclosure. We have the possible suicide of a key official and any such thing demands an investigation. He was in a sensitive position which was under investigation. His death may now be a significant block to getting relevant information.”

Freddie Mac’s acting CFO, David B. Kellermann, 41, was found dead in his home on April 22. His body was discovered by his wife in the basement of his home in Vienna, Va. According to unknown sources cited by the *Washington Post*, Kellermann was found hanging from a piece of exercise equipment, in what has been termed an “apparent suicide,” pending a determination by the medical examiner.

Freddie Mac has been hemorrhaging money since the financial crisis began, reporting losses of \$3 billion in 2007, and \$50 billion in 2008. It ended 2008 completely bankrupt, with a negative stockholders’ equity of \$30.7 billion.

The company has been rescued by the Federal government twice, receiving \$14 billion last November,

and a \$30.8 billion injection in the first quarter. That gives it a tiny sliver of equity capital, at least until it reports its first quarter results.

Both Freddie Mac and its sibling Fannie Mae—which has also been losing money at a ferocious rate, and has received Federal funds—are integral parts of the Bush/Obama bailout scam. The firms were effectively taken over by the Federal government last September, and have been turned into dumping grounds for the toxic waste of the banking sector. Far from being “rescued,” as their so-called bailout was termed, they have been thrown to the wolves, as their deteriorating financial condition shows.

Kellermann had been at odds with the Obama Administration over the effects that the bailout scheme would have on the company. He had argued with officials at Freddie Mac’s regulator, the Federal Housing Finance Agency, protesting that the company was required to disclose the losses the bailout scheme would cause. Despite the regulator’s objections, Freddie Mac did state, in an SEC filing in March, that the bailout would have a “significant adverse effect” on its financial condition.

Freddie Mac is currently under investigation by the Department of Justice and the Securities and Exchange Commission, and government officials have been overseeing its operations. While Kellermann, who has been at Freddie Mac for 16 years, was said not to be a subject of these investigations, he undoubtedly knew a great

deal about the firm's operations that would have been of great interest to investigators.

"The fact that he reportedly was not a target of the probe but knew things that investigators wanted to know, and also, the fact that he had hired a private security service for protection at his home should be part of the investigation," LaRouche said.

We should not be quick to believe Kellermann's death was a suicide, LaRouche said, noting the frequency with which such convenient suicides have turned out to be murder, and the expertise of some groups in arranging such deaths.

"It's suspicious; it smells like murder," LaRouche said.

Massive Cover-Up

Kellermann's suspicious death occurs at a time when the banks and the Obama Administration are engaged in a massive conspiracy to cover up the disastrous conditions at the nation's banks, insurance companies, pension funds, hedge funds, and other financial institutions. The lies are flowing fast and furious.

One element of this campaign is the ridiculous level of profits being reported by the banks for the first quarter of 2009. Goldman Sachs used a change in its fiscal year to match the calendar, as the opportunity to dump \$1.5 billion in losses into an orphan month, making its first quarter results look better than they would have been. Bank of America reported a profit by marking up the values of assets it acquired from Merrill Lynch. JP Morgan Chase and Citigroup used accounting tricks to turn declines in the market value of their debts into profits. With such tricks and the systematic hiding of losses on the loans and securities on their books, these zombies are perpetrating a fraud upon the public.

The highly touted stress tests are a similar fraud, a way to pretend that institutions that would have to be closed immediately, were the truth revealed, are healthy, with maybe a handful slightly ill. It is a public relations exercise, designed to pacify the public with lies.

Then, there's the case of the takeover of Merrill Lynch by Bank of America. This deal was hastily arranged last September, on the same weekend that Lehman Brothers failed and AIG blew out. According to Bank of America CEO Ken Lewis, when he later discovered how big the losses were at Merrill, he was ordered by then-Treasury Secretary Henry Paulson not to disclose the information to his shareholders. Such "material disclosures" are required by law, so if Lewis is correct, then the

government was engaged in a criminal conspiracy.

On the other hand, the idea that Bank of America's shareholders were victimized is also a fraud, since the bank was bankrupt at the time, and thus, had no shareholder values to protect. Lewis likes to paint himself as a victim in the scheme, but that is disingenuous. He must have known that Merrill Lynch was mortally wounded when he agreed to buy it; if he didn't, he's not only incompetent, but clueless. Everybody's spinning, to cover their bare sterns.

Virtually nothing said by the bankers, their alleged regulators, or their pet poodles in the media is true. Any honest and thorough investigation would blow the top off of both Wall Street and Washington.

The Ugly Truth

The whole bailout scheme is nothing but layer upon layer of fraud and lies. The real intent, even though most of the fools involved do not know it, is to bankrupt the nation and remove the United States as an obstacle to the British Empire's corporatist, global financial dictatorship. The U.S. is pouring trillions of dollars down the rathole in a vain attempt to salvage fictitious values and prop up hopelessly bankrupt institutions. We are bankrupting our nation, and with it any hope of an economic recovery.

As the size of the bailout rapidly expands, the danger of a Weimar-style hyperinflationary collapse of the dollar moves from possibility to certainty. Such a collapse will take down not only the U.S. but the world, and further the British Empire's genocidal goal of reducing world population by two-thirds. The end result of this bailout will not merely be a financial collapse, but a breakdown of civilization itself.

In such a horrific world, there will be no need for investment bankers, or derivatives, or any of the other institutions the bailout is supposedly designed to save. This system is finished, no matter what the fools may believe or desire, and anyone who supports the bailout is actually supporting genocide, knowingly or not.

The real fight is over what comes next. The British Empire has dreams of ruling over whatever pile of rubble survives the cataclysm, but it, too, will be destroyed by the evil it has set into motion. All of its financial maneuvering and social engineering—that is, brainwashing—will be for naught. The only alternative to a new Dark Age is the policy framework put forward by LaRouche. It is, literally, LaRouche or bust.

—*johnhoefle@larouche.com*

G-8 Ag Meet: Shift To Pro-Production

by Marcia Baker and Claudio Celani

April 23—Giovanni Robusti, an agriculture expert and a member of the European Parliament, issued a statement to *EIR* today, as a comment on the recently concluded meeting of the G-8 Agriculture Ministers. The meeting took place in Cison di Valmarino, Italy, April 18-20, at the initiative of Italian Agriculture Minister Luca Zaia, and a final statement was drawn up in which the issues of doubling world food production, curbing speculation, ensuring food security, and protecting local products are addressed, as well as making biofuel production compatible with stability of food growth. The statement, however, does not challenge the globalized regime of free trade, despite calling for “rules-based” free trade.

Both Robusti and Zaia belong to the anti-globalist Lega Nord party. In his statement, Robusti says that the fact that “eight agriculture ministers of the largest economies in the world were able to discuss agriculture directly, without going through the mediation of their diplomatic personnel, should be acknowledged as a great result, to the credit of Luca Zaia.” Robusti stressed that we are now at a moment of an “agriculture revolution focussed on production,” a reversal of a “previous planned revolution aimed at not producing.”

Robusti thinks that Zaia “did not expect an executive resolution. Maybe the media did, but that is a game of setting expectations. At that level of interaction, you read between the lines, and what is primarily important is the direct relationship which is established. That result has been achieved.” For countries such as Italy, which is a producer of quality food products, national interest lies in achieving agreements with countries representing markets for its products, for instance the United States, “in the framework of a positive and not nasty reciprocity.” That is a long road, but the Italian-led G-8 “has moved forward on that road quite a bit. The rest will require time.”

Robusti says he is convinced that “direct and confidential talks” among the ministers “have allowed them



Group of Eight

Italian Agriculture Minister Luca Zaia has proposed “banning all financial instruments which involve speculation on agricultural products. The truth is that speculation makes people starve.”

to know, and some of them maybe to agree upon, different strategies which must aim at not sacrificing agriculture on the altar of the energy race. We farmers do not need to consume in order to produce. We have the opposite problem, i.e., to produce more in order to support consumers’ demand.”

Beyond the results of the G-8, some sources indicate that the EU strategy of trying to protect labelling of quality in a free-trade, globalization system, instead of a system of negotiated bilateral tariff agreements as proposed by Robusti, is a losing proposition. In order to achieve recognition of labels, the EU has made severe concessions. For instance, Italian Parmesan cheese is a protected label, i.e., only Parmesan produced by the Italian consortium can bear the Italian label, “Parmigiano.” However, anyone in the world can produce a bad imitation and label it “Parmesan,” in English. Thus, “Parmesan”-labelled cheese has 50% of the market in Germany today. The food cartels that dominate world markets are not interested in the label, the experts say.

The G-8 Summit

The G-8 agricultural summit was the first ever to be held. As its website points out, it occurred in the context of dramatic crisis: 1 billion people in the world are suffering from hunger. Furthermore, “there is hidden hunger,” affecting an additional 2 billion people, which means that their diets are limited in quantity and nutrients. Three million underweight babies die yearly.

In the face of this situation, the watchword of international summitry recently has shifted to the need for dramatically expanding food production. However, in most cases, this impulse is hampered by the old demands for expanding free trade, and maintaining low-



www.giovannirobusti.org

Giovanni Robusti, an agriculture expert and Member of the European Parliament, issued a statement to EIR on the recent G-8 Agriculture Summit, calling for a return to production vs. speculation.

technology, low-infrastructure agriculture, which guarantee that food shortages will escalate into genocide.

In the run-up to the G-8 summit, however, Zaia broke profile in numerous respects. In an interview with the daily *Il Libero*, the minister declared: “I will propose banning all financial instruments which involve speculation on agricultural products. The truth is that speculation makes people starve.”

“The fact that people get rich off other people going hungry is unthinkable,” he added.

Later on, Zaia broke from the consensus in addressing the issues of both infrastructure and free trade, although in general terms. For example:

“Agricultural production must be increased in emerging countries. It must be doubled. Water plays a key role: We need to provide water where it’s lacking. Productivity is increased through investment in infrastructure.”

Asked about tariffs, which developing countries want reduced so they can produce for export, Zaia responded:

“I don’t agree on this point. The example of the reduction of tariffs on rice at the WTO is an example. We opposed it, rightly, because the measure would have eliminated domestic production. We need to find a balance; we can’t harm our farmers. It’s no coincidence that another issue to be discussed at the Summit is the safeguarding of the identity of agricultural production.

“It’s true that we agreed with Paris on the rejection

of a widespread idea: the idea that the West should concentrate on high-tech, and become an importer of agricultural products. France and Italy share the opinion that a solid economy requires a solid agricultural sector. Thus, the need to defend production and focus on farmers. It’s no coincidence that this will be another issue on the agenda at the G-8. Food is strategic. Lastly, to complete the picture, there is a final aspect that is closely linked to this.”

Asked, what aspect, Zaia said:

“Food security. This is an absolute priority for us; and, another reason to say no to imprudent liberalization, theorized by those who think that agriculture has no future in Europe. But some people think that only because, as I said before, their own country lacks an agricultural character.”

Unfortunate Final Communiqué

The final communiqué itself of the agriculture ministers—the G8+5 (Brazil, China, India, Mexico, and South Africa) and several other nations and international agencies—was at best a half-flop, although Zaia presented it as a breakthrough. Issued April 20, at the conclusion of the meeting, the declaration spoke only in general terms, offering no recommendations for concrete action. Clearly, a compromise was reached with the free-trade faction. The “Plus Five” nations’ ministers did not sign it.

After recalling that the Millennium Development Goals of doubling world food production are far from being reached, the statement said that “more should be done to increase the quantity and enhance the quality of agricultural production and enable all citizens to have economic and physical access to safe and nutritious food.”

The paragraph opposing speculation said: “Farmers must be the main protagonists of the agricultural sector. Agriculture must serve citizens’ needs for food security and food safety, producing safe, nutritious food in response to consumer demand, and [it] must not be allowed to be negatively affected by trade distortions. There should be monitoring and further analysis of factors potentially affecting price volatility in commodity markets, including speculation.”

The statement called for sustaining “the benefits of globalization” against “protectionism,” and called for concluding the Doha Round of trade negotiations, saying, however, that this must be “balanced” and “rules-based”—a concession to the pro-tariff faction.

Will Israeli Spy Revelations Halt Netanyahu's War Drive?

by Jeffrey Steinberg

April 25—Recent revelations about Israeli efforts to fix a Federal indictment of two top officials of the American Israel Public Affairs Committee (AIPAC), through payoffs to members of Congress, have sparked a renewed focus on Israel's continuing political dirty tricks and espionage operations inside the United States. Given that the new scandal directly intersects the inner circle of advisors to Israeli Prime Minister Benjamin Netanyahu, the question on the minds of many astute observers in Washington and other world capitals is: Will these new scandals short-circuit Netanyahu's threats to start a new strategic conflict in the Middle East, through an Israeli military strike against Iran, even as the Obama Administration prepares for direct diplomacy with Tehran?

On April 19, *Congressional Quarterly's* Jeff Stein revealed that, in late 2005, the National Security Agency intercepted a conversation between an unnamed Israeli operative and Rep. Jane Harman (D-Calif.), then the ranking Democrat on the House Permanent Select Committee on Intelligence. According to the transcript of that conversation, the Israeli agent, who was under investigation by the FBI, and was the target of a FISA (Foreign Intelligence Surveillance Act) court-authorized wiretap, offered to help secure Harman the chairmanship of the committee, following an anticipated Democratic victory in the 2006 midterm elections, in return for her intervention to get charges against two accused AIPAC spies, Steve Rosen and Keith Weissman, reduced.

The Israeli "operative," whom senior U.S. intelligence sources say was an American citizen, or a dual Israeli-American citizen, promised to funnel campaign cash from media billionaire Haim Saban, the sugar-daddy to the Brookings Institution's Saban Center for Middle East Policy, headed by dual citizen Martin Indyk. Among the promised recipients of the 2006 campaign cash: Rep. Nancy Pelosi (D-Calif.), who became Speaker of the House, following the 2006 Democratic midterm sweep.

According to Stein's account, Harman volunteered that, while her relations with Pelosi, then House Minority Leader, were poor, she could intervene with the Bush Administration, because the White House was anxious to secure her support, for damage-control of a *New York Times* exposé of the government's use of illegal warrantless wiretaps against American citizens. The White House and Justice Department knew, at the time of the NSA intercept, that the *Times* exposé was about to be published, and that if Harman would side with the Bush White House, the impact of the revelation of illegal spying on American citizens on U.S. soil would be greatly reduced.

Indeed, the *Times* story, by James Risen and Eric Lichtblau, did appear on Dec. 16, 2005, and Harman did come out defending the White House, for "doing what had to be done" to protect the United States against the threat of another 9/11-type terrorist attack.

And, indeed, the Democratic Party did sweep the 2006 midterm elections and take control over both the



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A new Israeli spy scandal directly intersects the inner circle of advisors to Prime Minister Benjamin Netanyahu: Will it short-circuit Netanyahu's threats to start a new strategic conflict in the Middle East?

House and the Senate. But early revelations about Harman's efforts on behalf of Israel—minus the specifics of the intercepted conversation with the Israeli operative—had already surfaced in 2006, and she was passed over for the coveted House intelligence chairmanship. Speaker Pelosi has recently acknowledged that she knew about the NSA intercept at the time she rejected Harman as committee chair.

'Effects-Based' Madness

In return for Harman's help, Bush's Attorney General, Alberto Gonzales, quashed the FBI investigation into the California Congresswoman, in late 2005. The NSA wiretap transcript sat in the dead file—until this month. So, why the renewed attention now?

At least part of the answer can be found in the growing rift between Washington and Tel Aviv, over a wide range of vital policy issues, from Palestinian statehood to Iran. Prime Minister "Bibi" Netanyahu has threatened—early and often—that he is prepared to order Israeli military strikes against Iran's purported nuclear weapons program, unless the United States falls in line with Israel, and promises to do the job instead.

According to Ken Katzman, a senior researcher at the Congressional Research Service, speaking at a recent Capitol Hill forum of the Middle East Policy Council (MEPC), the Obama Administration, through Defense Secretary Robert Gates, Joint Chiefs of Staff

Chairman Michael Mullen, Vice President Joseph Biden, Secretary of State Hillary Clinton, and "many other" channels, has made it clear to Israel that the U.S. will not tolerate any Israeli strikes against Iran. But the unanswered question is whether the Obama Administration is prepared to put military muscle behind the warnings. Would U.S. Naval forces in the Persian Gulf, or American forces in Iraq, intercept and shoot down incoming Israeli fighter jets or missiles, aimed at targets in Iran?

It is widely believed, among a majority of serious military analysts, that Israel does not possess the capacity—except through the use of a nuclear first strike—to seriously damage Iran's dispersed nuclear research program. However, in a June 2008 report

by Patrick Clawson and Michael Eisenstadt, "The Last Resort: Consequences of Preventive Military Action Against Iran," the AIPAC- and Likud-linked think-tank, the Washington Institute for Near East Policy (WINEP), argued that any Israeli strike against Iran, whether successful in disrupting the Iranian nuclear program or not, would be a "game-changer," forcing an existential decision upon the governments in Washington, in Europe, and in the Arab Middle East: whether to side with "moderate" Israel or "extremist" Iran. Some circles in Israel, perhaps in the inner circles around Netanyahu, may believe that Israel would come out on top—and that is where the danger of an Israeli preventive strike is greatest, regardless of the fact that it could be the Sarajevo of World War III.

Former British Prime Minister Tony Blair, the Bush-Cheney partner in the Iraq War fiasco, and the current chief "peace negotiator" for the Quartet, delivered a speech in Chicago this week, in which he identified Iran as the existential threat to the Middle East—in effect, casting his vote with Netanyahu in favor of military action against Iran, if diplomacy fails, or if Iran, in Israel's skewed judgment, gets too close to possessing a bomb.

Indeed, whereas most American military strategists had fully repudiated the discredited doctrine of "effects-based operations," under which military actions are aimed at "behavior modification" of the enemy,



NATO

Uzi Arad, the chief national security advisor to the Netanyahu government, and a career Mossad officer, was targeted in the probe of confessed Israeli spy Larry Franklin.

rather than concrete war-winning and peace-winning objectives, Israel has embraced precisely this strategy. In both the July 2006 Lebanon War, and the December 2008 Gaza invasion, Israeli officials spun embarrassing defeat into proclaimed “victory,” on the basis of the insane “effects-based” dogma.

The present Netanyahu government is pushing the envelope, playing what Dr. Trita Parsi, speaking at the same MEPC forum with Katzman, described, in the case of Iran’s regime, as a doctrine of “simulated irrationality.” But when does “simulation” go live? Where does Israel go over the edge and actually launch an “effects-based” attack on Iran, plunging the region, and, potentially the world, into a new bloody conflagration?

Bibi’s Boys

Senior U.S. intelligence sources have told *EIR* that the leak of the NSA intercept of the Jane Harman conversation with the targeted Israeli operative comes in the context of the pending trial of the two “former” AIPAC employees, Rosen and Weissman, who are accused of passing classified documents to Israeli Em-

bassy officials, from confessed Israeli spy and former Air Force reservist and Pentagon Iran analyst Larry Franklin. According to one of these sources, the leak of the NSA transcript, which was accurately reported by Stein in *Congressional Quarterly*, came from within the Justice Department.

While there are complicating aspects of the Rosen-Weissman case, beginning with the fact that the Bush Justice Department failed to indict AIPAC, as an organization, on the same espionage charges, there is no question that Israel was engaged—again—in espionage, seeking access to U.S. defense secrets, and that the role and identities of the Israeli spy-handlers are known and proven.

On May 26, 2005, Larry Franklin was indicted on charges of passing classified material to Israel. In a superseding indictment, filed on Aug. 4, 2005, Steve Rosen and Keith Weissman were also charged. While not naming names, the indictment identified at least three Israelis who were co-conspirators with the AIPAC duo and Franklin, in obtaining classified material from the Pentagon, on the Bush Administration’s internal deliberations on how to deal with presumed threats from Iran.

And here is where the U.S.-Israel rift comes directly into play.

The three Israelis targeted in the Franklin/AIPAC probe were: Uzi Arad, Naor Gilon, and Eran Lerman. All three are intimately tied to Netanyahu; two of the three now hold top national security and foreign policy posts in the Netanyahu government.

Arad is the chief national security advisor to the prime minister, and Gilon is the chief of staff to Foreign Minister Lieberman.

The third implicated Israeli, Eran Lerman, is the director of the American Jewish Committee’s Israel/Middle East Office in Jerusalem. He took that post in 2001, prior to his being implicated in the Franklin-Rosen-Weissman spy operation, and immediately following his retirement as a colonel in the Israeli Defense Forces’ Directorate of Military Intelligence Research and Production Division. Lerman, a London School of Economics graduate, is frequently published by the Jerusalem Center for Public Affairs, a Likud think-tank headed by Dr. Dore Gold, Netanyahu’s former ambassador to the United Nations.

Between 2002 and 2005, Naor Gilon was the political counsellor at the Israeli Embassy in Washington, and he was the immediate contact point with Franklin,



State Department/Michael Gross

Israeli Deputy Foreign Minister Avigdor Lieberman, shown here with Bush-era Secretary of State Condoleezza Rice, quit Netanyahu's Likud party to form Yisrael Beitneu, reportedly with Netanyahu's blessing, to corral support for the pair's right-wing agenda among Israel's Russian emigrés.

Rosen, and Weissman. At the time of his direct involvement in the espionage case, Gilon's embassy boss was Ambassador Danny Ayalon, who is now deputy foreign minister, and a member of Lieberman's Yisrael Beitenu Party. Gilon, according to the indictments, had at least 15 meetings with Franklin between 2003 and 2004. He first met Franklin in 1997, when Franklin was posted, briefly, at the U.S. Embassy in Tel Aviv, as an Air Force Reserve officer. Franklin was sent home, after he repeatedly violated embassy rules by holding unauthorized and unreported meetings with Israeli government officials.

When Netanyahu was prime minister in 1996, then-Foreign Minister Lieberman, still with Likud, was his chief of staff. According to well-informed Israeli sources, Lieberman's departure from Likud to form Yisrael Beitenu, was done with the connivance of Netanyahu, who was having difficulties handling the Russian emigré and "mafia" apparatus, which forms the base of Lieberman's new party. Lieberman, a one-time bouncer at a Moldovan bar, is the poster-boy for

that Russian emigré apparatus.

Contrary to media accounts, the far more significant player in the Franklin spy affair was Uzi Arad, now Bibi's top national security aide. Arad, a career Mossad officer, "retired" from government service in 1999. The following year, he founded the Institute for Policy and Strategy at the Interdisciplinary Center at Herzliya, and established their annual global security conference, modeled on the Davos Economic Forum and the Wehrkunde security conferences in Munich.

Franklin attended at least one of the Herzliya conferences hosted by Arad, in 2003. On Feb. 13, 2004, Gilon called Franklin at the Pentagon, and asked him to meet with Arad. The following week, the two met at the Pentagon cafeteria.

When the FBI interrogated Arad about his ties to Franklin, he claimed that they were merely sharing "academic papers." However, up until April 2009, Arad was barred from entering the United States; that decision was reversed only to allow him to visit Washington as Prime Minister Netanyahu's national security representative.

In fact, the still-ongoing U.S. probe into Israeli espionage in the United States is, in part, focused on the question of whether there is a "parallel Mossad," made up of "ex" Israeli spooks, now in think-tanks and other private

sector institutions, conducting key espionage programs at arm's length from the official intelligence services. Few senior Israeli officials are willing to run the risk of another "Pollard Affair," in which an official Israeli intelligence agency, the scientific espionage unit, Lekem, was caught running American Naval Intelligence analyst Jonathan Jay Pollard. That Lekem operation was headed by former top Mossad official Rafi Eytan. Both Arad and Lerman were protégés of "Dirty Rafi," and they certainly know the price that Israel has paid—to this day—for their Pollard escapade.

When Secretary of State Hillary Clinton visited Israel recently, and met with Netanyahu, the prime minister delivered an unambiguous and undiplomatic message, by having Uzi Arad participate in the meeting. When Clinton suggested that a smaller meeting were appropriate, and that each side should send one person out of the room, offering the prime minister the opportunity to correct the obvious *faux pas*, Netanyahu obliged—by dismissing Minister Dan Meridor. Arad stayed in the room, and Clinton remained tight-lipped throughout.

The 29 Colorful Knights Of the Round Table

by Tony Papert

April 25—In his widely-noted webcast of April 11, titled, “President Obama’s Narcissus Syndrome,” economist and statesman Lyndon LaRouche noted that, “as we’ve been warned by *Time* magazine [April 13], we have a special problem: President Obama is presently in the grip of a thoroughly evil cabal, the most frankly Satanic pack of inherently criminal lunatics to be found in high places in any real important part of the world, since Adolf Hitler departed our planet, nearly 64 years ago.”

The cabal is that of the “behavioral economists,” and the purpose of the following brief profiles, is to begin to acquaint you with some of them, the men who are actually running our government today, while some days may still remain to set matters straight. The behaviorists must be purged, and quickly, starting with National Economic Council head Larry Summers. If they are not, we enter immediately into the onset of a new dark age, not just of the United States, but the entire world, lasting two or more generations, in which world population falls by two thirds or more, and entire nations and languages disappear.

Besides Summers, *Time* named Robert Cialdini, Dan Ariely, Richard Thaler, Obama buddy and nominee Cass Sunstein, Daniel Kahneman, Office of Management and Budget head Peter Orszag, Austan Gools-



White House/Peter Souza

The Russell Sage Foundation’s Behavioral Economics Roundtable “gave” the Obama Administration OMB director Peter Orszag (second from left) and a slew of other economic advisors. National Economic Council chairman Larry Summers (left) is the group’s “lead duck.” The Roundtable was modeled on British imperialist Cecil Rhodes’ (inset) Round Table, which controlled the British Empire in earlier years.

bee, Treasury nominee Alan Krueger, Sendhil Mullainathan, Dean Karlan, Steven Hayes, and Alan Gerber among the behaviorist Svengalis who control Obama. The highly-qualified Obama Cabinet members and other official advisors, like Hillary Clinton, Gen. James Jones, and others, are only a cover and a facade for the control over the President by the “behavioral economists.”

For reasons which will immediately become clear, we have compared these behaviorists with the degener-

ate advisors and confederates of the Emperor Nero. If he is left to his own devices, the Nero-like President Obama will move to replace every one of his honest, decent, and qualified advisors with the likes of these degenerate behaviorists, similar to what Nero did in his time.

One of *Time*'s most intriguing revelations was that a "secret advisory group of 29 of the nation's leading behaviorists," which it called the Consortium of Behavioral Scientists, had been controlling the Obama campaign, and then the Obama Presidency, through a long stream of written memoranda of instruction. This has been going on since early 2007 at the latest. In reality, this group of 29 is the Behavioral Economics Roundtable, located in the Russell Sage Foundation in Washington, D.C. This "Roundtable," named after Cecil Rhodes' Fabian "Round Table," which controlled the 20th-Century British Empire, is the joint project of the Russell Sage Foundation, which represents the British Fabian Society, and of the Alfred P. Sloan Foundation, representing the London-allied, anti-Franklin Roosevelt, pro-Hitler and pro-Mussolini faction in Wall Street. Hostile, foreign control over the Presidency.

That said, let us begin to look into the minds of some of the men who are really running our country today.

Documentation

Colin Camerer

Like Larry Summers, "neuroeconomics" pioneer Colin Camerer, born in 1959, is a former child prodigy; when Camerer was only five years old, his parents discovered that he was already reading *Time* magazine. In Ohio, where Camerer was born, he was doing fourth- and fifth-grade schoolwork while still only in the second grade. Unfortunately for Colin, his parents subsequently moved to Baltimore County, Md., within range of the late gifted-child specialist Dr. Julian Stanley of Johns Hopkins University, who soon took young Colin under his wing.

Professor Stanley, founder and director of Hopkins' "Study of Mathematically Precocious Youth" (SMPY) and spinoff programs across the country, was a contributor to, and fanatical believer in the multiple-choice



Colin Camerer and friend at the Institute on Behavioral Economics in 2000.

College Board SAT and similar tests. These tests were the sole criterion for admission to Stanley's program, and determined his entire approach to everything.

Stanley's first case had been a youth for whom he arranged admission to Hopkins at the age of 13 in 1969. "He would, however, take only courses that seemed likely to be manageable by this intellectually brilliant 13-year-old eighth-grade graduate: computer science, calculus and physics," Stanley later wrote. Subject "Joe" received a bachelor's and a master's in computer science from Hopkins at age 17, and a PhD from elsewhere soon after. "Today, Joe is an outstanding researcher in the field of virtual reality as applied to entertainment," as Stanley concludes the case-description.

The second victim, "Jonathan," likewise entered Hopkins after completing eighth grade, in 1970. "His academic record was as excellent as Joe's. Jonathan went on to become an outstanding, prosperous computer specialist working with banks," Stanley wrote.

Psychoanalyst Laurence Kubie, and Lyndon LaRouche in commenting on Kubie's work, have noted the loss of most or all creative powers which frequently accompanies completion of a "terminal" PhD degree. Apparently, Dr. Stanley's methods can achieve a more definitive result of the same sort before the age of 20. In Colin Camerer, who went on from Hopkins to get his University of Chicago PhD in 1981 at the age of 22, Stanley has produced an *idiot-savant* who imagines that he himself is some sort of digital computer.

Camerer's research consists of making human subjects decide whether "the price is right," and the like, from within an MRI machine which he thinks traces the activity within their brains. At times he has even used magnetic pulses to disrupt brain activity, noting down whether the subject can no longer decide what to bid. His stated goal is to determine whether the brain carries out mechanistic "computations according to these [University of Chicago] economic theories," where, he says, "the key word is mechanistic."

The similarities to the case of former child prodigy Larry Summers are also notable. During his 2001-06 tenure as Harvard's president, faculty members diagnosed Summers as a victim of the form of autism known as "Asperger's syndrome."

Robert Cialdini

Cialdini is not formally a member of the Behavioral Economics Roundtable of 29, perhaps because he is a professor of Marketing and of Psychology, rather than Economics. But he was the first-named Obama advisor among the Behaviorists in *Time* magazine's exposé of April 13, and was listed prominently in British Tory leader George Osborne's public confession of faith in Behavioral Economics of April 8.

Cialdini's path to eminence began when he took leave from Arizona State University and went undercover, to apply for jobs and training in used car dealerships, fundraising organizations, telemarketing firms, and the like. After no less than three years of this, Cialdini surfaced once more in academia, claiming to have achieved

a scientific mastery of all the secrets of "persuasion."

He has written two books on the subject. In several of his many videotaped presentations, a wide-eyed Cialdini, waving both fists as he stares into the camera, asks, "What would it mean for your organization, if you could persuade ANYBODY of ANYTHING?"

One of Cialdini's six principles of persuasion is that the customer should like the salesman. "Indeed, the salesman should also like the customer," Cialdini intones, waving his fists. "Then, each likes the other," he drones on, bringing both fists together in the air. Another "principle" is that salesman and customer should share something in common. When the prospect's car pulls up, and you note the Minnesota license plate, you might say, for example, "What a coincidence! My mother-in-law is from Minnesota." And it's even better if your mother-in-law really IS from Minnesota, Cialdini adds, still churning the air with his fists.

Matthew Rabin

Naomi Klein was on to something when she wrote a piece in the April 19 *Washington Post* about banishing Larry Summers from public life because he is a dangerous "brain bubble."

She explained: "Brain Bubbles start with an innocuous 'whiz kid' moniker in undergrad, which later escalates to 'wunderkind.' Next comes the requisite foray as an economic adviser to a small crisis-wracked country, where the kid is declared a 'savior.' By 30, our Bubble Boy is tenured and officially a 'genius.' By 40, he's a 'guru,' by 50 an 'oracle.' After a few drinks: 'messiah.'"

Eerie. Except for the stint in a "small crisis-wracked country," this is pretty much a "biography" of the Behavioral Economics Roundtable's Matthew Rabin, co-organizer, since 1996, of the Russell Sage Foundation Roundtable's bi-annual "Summer Institute on Behavioral Economics," which began in 1996, and since 2002, had spread to European universities through the Russell Sage-funded European Network for the Advancement of Behavioral Economics.

Who is Rabin? Born in 1963, he is professor of economics at University of California, Berkeley. His cyber name is "Game Boy," and his CV lists his marital status as "In search of a husband." He was educated at the University of Wisconsin, Madison, got a Masters at the London School of Economics, and a PhD at MIT. He



Would you buy a used car from this man? Robert Cialdini considers himself a master of "persuasion."



Matthew “Game Boy” Rabin (left) at the Summer 2000 Institute on Behavioral Economics, sponsored by the Behavioral Economics Roundtable.

looks like a goofy California stoner, and his expertise is mathematical quantification of the human lack of self-control, which he appears to practice in abundance. His field is obviously hedonism.

Rabin actually won the “genius” award in 2000, from the John D. and Catherine T. MacArthur Foundation, a \$500,000 grant which was paid out over five years, and not earmarked to any project. Press coverage of his award said that Game Boy’s “work on smoking patterns and addiction suggests that cigarette taxes would have to be a lot higher to discourage use. He also has worked extensively on procrastination and how it adversely affects saving rates and retirement outcomes. ‘It doesn’t take much of a self-control problem and a desire for immediate gratification to really hurt yourself economically.’” Rabin develops mathematical descriptions of addiction/gratification factors, procrastination, fairness and meanness, and how to calculate the optimal “sin tax” on consumption you want to discourage.

When he got the genius award in 2000, he said he was working on a book that would be “an economist’s guide to psychology,” but no book materialized. He has written no book, save for co-editing a collection of articles by members of the Roundtable.

Why are we even bothering to write about this lazy blivit? Because he is the darling of Richard Thaler and the other degenerates of the Behaviorist School of Psycho-Economics, including some in the Nero-like

President Obama’s inner circle. And because his Summer Institute spreads the behaviorist disease to thousands of young economists throughout the world.

Under the wing of elders like Thaler, Rabin continued to win awards, moving up the ladder from “genius” to “guru.” In 2003, Thaler, the advisor to both Obama, and to the Tory leadership waiting to take over from British Prime Minister Gordon Brown, co-authored a long-winded article with Colin Camerer, titled, “In Honor of Matthew Rabin: Winner of the John Bates Clark Medal.” Praising Game Boy for work on “Procrastination and Self-Control,” they say, however, that he was a latecomer to this field, and took it up, “we suspect,” because “as a self-proclaimed avid procrastinator, he couldn’t resist the temptation to dig into the problem (eventually).”

Peter Orszag

Now the Director of the White House Office of Management and Budget, Peter Orszag was sent to Russia in 1993 by his British employer, the Centre for Economic Performance at the London School of Economics (LSE). In parallel to what Treasury official Larry Summers was doing from Washington, Orszag advised Russia’s Foreign Ministry on how to obey the International Monetary Fund and other foreign agencies carrying out the devastation of that country.

In 1994, members of the looting team put out a book, *Economic Transformation in Russia*, on how they were getting away with these crimes and how to squeeze out more.

Orszag co-authored a chapter, “The Conditions of Life,” which claimed that the population, though suffering, was not suffering enough; that unemployment and poverty must be increased; that wages, pension payments, and unemployment compensation must be cut further; and that employment should continue to shift out of productive industries and into extractive industries, for foreign cartels’ consumption.

Orszag’s two co-authors were, first, his British boss, Richard Layard (now Baron Layard), founder and director of the Centre for Economic Performance at LSE. Layard was a leader in the Fabian Society’s creation at that time of the New Labour faction headed by Tony Blair. The second co-author was Andrei Illarionov, then, a looters’ agent in the Russian government, and

now, a Cato Institute propagandist for Pinochetist economic schemes.

Other chapters in the book were written by Russian Deputy Prime Minister Anatoly Chubais; Harvard's Andrei Shleifer (Chubais's advisor who stole millions, and whose vast fortune now supports the Lawrence Summers/Peter Orszag clique running Obama's economic policy) and Robert Vishny, Shleifer's billionaire partner; Jeffrey Sachs; Anders Aslund; Stanley Fischer (now governor of the Bank of Israel); Boris Federov; and other pirate operatives.

The following excerpts from Orszag's unashamed chapter, "Conditions of Life," in *Economic Transformation in Russia* (Anders Aslund, ed.; London: Pinter, 1994), show his utter disdain for conditions of life of the Russian people, who were undergoing a process that could only be called genocide:

"[T]he standard figures on real income and real consumption . . . exaggerate the problem. . . . Offsetting features must be noted. . . . [M]any key services — [especially] housing—are still heavily subsidized. . . . The fall in welfare has therefore been substantially less than the fall in measured real purchases. . . .

Training for a Marathon

Peter Orszag described his personal training strategy to National Public Radio: "If I didn't achieve what I wanted to, a very large contribution would automatically come out of my credit card and go to a charity that I very much didn't support. So that was a very strong motivation, as I was running through mile 15 or 16 or whatever it was, to remind myself that I really didn't want to give the satisfaction to that charity for the contribution."
(From Ben Smith of Politico.com)

"Many discussions of inequality in Russia point to the high proportion of people who can barely afford to purchase meat. Yet the data show that this was so even before the reform. Given free services, income inequality in Russia is [not bad compared to the West]. . . .

"The fall in output . . . was undoubtedly caused primarily by the break-up of the command system . . . and its only partial replacement by the market system. . . . [A] further fall in real wages is almost inevitable as the government continues its financial squeeze in accordance with its agreement with the Central Bank. . . .

"[The] real value of the average pension has dropped substantially. [But under the Soviets, the] pension in 1991 . . . was exceptionally high by historical standards, and the real value of the average pension in 1992 was down by only about 40% relative to its 1985 level. [Now it is not much less than] for the United Kingdom in 1991.

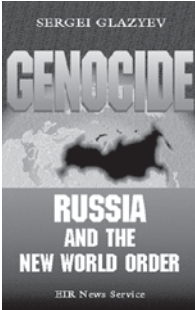
"[Once] inflation has been controlled, the average real pension will rise. . . . There seems no obvious need for any further steps to boost pensions. In the longer-term, there is a strong case for . . . raising, each year, the retirement age by half a year. . . .

"Looking to the future, . . . [f]inancial stabilization will inevitably lead to further temporary falls in output and living standards. Wage dispersion will continue to widen, aggravating the poverty problem. . . . Some savings on pensions would be possible if the retirement age is gradually raised. Unemployment is bound to rise. . . ."

GENOCIDE


RUSSIA AND THE NEW WORLD ORDER

Russia in the 1990s: "The rate of annual population loss has been more than double the rate of loss during the period of Stalinist repression and mass famine in the first half of the 1930s . . . There has been nothing like this in the thousand-year history of Russia."
—Sergei Glazyev



Paperback, with a preface by Lyndon H. LaRouche, Jr.

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Economist Dr. Sergei Glazyev was Minister of Foreign Economic Relations in Boris Yeltsin's first cabinet, and was the only member of the government to resign in protest of the abolition of Parliament in 1993.

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National News

Senate Votes To Launch New Pecora Investigation

Under growing popular pressure, there has been significant progress toward convening hard-nosed investigations of the financial fraud involved in bringing on the current financial blowout, investigations characterized as modern versions of the Pecora investigations of 1932-34. The investigations were run by former New York assistant district attorney Ferdinand Pecora.

On April 22, the U.S. Senate approved legislation to establish a bipartisan Select Committee with subpoena power to investigate the causes of the financial crisis, and make recommendations to ensure it does not happen again. The bill, offered by Sens. Byron Dorgan (D-N.D.) and John McCain (R-Ariz.), passed by unanimous consent, as an amendment to anti-fraud legislation. It will now go to the House of Representatives.

In September 2008, Lyndon LaRouche called for a Congressional probe, modelled on the 1930s Congressional hearings that exposed the massive fraud and corruption which led up to the 1929 Crash. The Pecora Commission paved the way for passage of Franklin Roosevelt's banking regulation.

The Senate had approved earlier this year, by a 94-3 vote, the legislation introduced by Sens. Johnny Isakson (R-Ga.) and Kent Conrad (D-N.D.) to create a commission to conduct an 18-month investigation of the financial crisis.

Gore Chickens Out of Debating Monckton Again

Britain's Lord Christopher Monckton, an outspoken campaigner against the fraud of global warming, told reporters that House Democrats refused to allow him to appear alongside Al Gore at an April 24 hearing on "global warming," of Rep. Henry Waxman's Subcommittee on Ener-

gy and the Environment, the fourth in a series on the American Clean Energy and Security Act of 2009. Monckton said he was informed when his plane landed in Washington, that he would not be allowed to testify alongside Gore. "The House Democrats don't want Gore humiliated, so they slammed the door of the Capitol in my face," Monckton told *Climate Depot*. "They are cowards."

According to Monckton, Rep. Joe Barton (R-Tex.), Ranking Member on the Energy and Commerce Committee, had invited him to go head-to-head with Gore. But Monckton says that when his jet from London landed in the U.S., the evening before the hearing, he was informed that the former Vice President had "chickened out," and there would be no joint appearance.

"The Democrats have a lot to learn about the right of free speech under the U.S. Constitution," Monckton said from the airport. "Congressman Henry Waxman's refusal to expose Al Gore's sci-fi comedy-horror testimony to proper, independent scrutiny by the House minority reeks of naked fear."

Progress on the HBPA, As Foreclosures Surge

RealtyTrac reported April 22 that over 800,000 homes across the country were in foreclosure actions in the first quarter of 2009. Those numbers, pushed up by the expiration of a foreclosure moratorium which had been in effect under Federal agencies Fannie Mae and Freddie Mac, are expected to dramatically increase in line with the rapid rise in unemployment.

The responsibility for the suffering has to be placed squarely on House Financial Services Committee chair Rep. Barney Frank's desk, due to his sabotage of the only possible solution—LaRouche's Homeowners and Bank Protection Act (HBPA) of 2007.

In response, many more localities are breaking through the political logjams which have blocked resolutions demanding that Congress pass LaRouche's

HBPA, which would erect a firewall of protection for homeowners, including freezing foreclosures, and for the banks (including writing off speculative "assets" such as derivatives).

During the week of April 20, two city councilman introduced a call for implementation of the HBPA into the Cleveland City Council, where 1 in 22 households is in foreclosure. In Ohio as a whole, ten cities have passed the HBPA, the largest of which is Toledo.

Four small cities in Texas have recently passed the HBPA resolution, bringing the total in that state to 18. On March 17, Niagara County, N.Y.—a suburb of Buffalo—passed the resolution. And on April 6, the city council of North Chicago, Ill., and the Los Angeles suburb of Lynwood, Calif. approved the resolution.

Kerry Trip to Sudan: Initial Positive Results

Speaking on National Public Radio's "All Things Considered" on April 20, Sen. John Kerry (D-Mass.), chairman of the Foreign Relations Committee, expressed optimism that his recent trip to Sudan had succeeded in getting a workable agreement on increasing the humanitarian aid capability in Darfur up to 100% of what it was before Sudan expelled aid groups which, it charged, were implicated with the International Criminal Court (ICC) assault on the country.

In a tone which *EIR* experts characterize as the most positive from U.S. policymakers in the last two decades, Kerry said:

"The key is to get the humanitarian assistance back as fast as possible, up to 100% capacity. And under the agreement there is a joint evaluation by the United States and the Government of Sudan.

"And, frankly, I found a government that is far more prepared to move on other issues that are of importance to the United States, and I think it's important for us to deal with those officials. And we'll have to work around and deal with the complications of the ICC."

Europe's Potential Role in The Reconstruction of Africa

by Portia Tarumbwa-Strid

Portia Tarumbwa-Strid, who is originally from Zimbabwe, is a leader of the LaRouche Youth Movement in Germany. She gave this speech to a conference of the Civil Rights Solidarity Movement (BüSo), the German "LaRouche" party, in Berlin on March 20, 2009. The conference was titled "The Reconstruction of the World Economy After the Crash of the System," on March 20, 2009, in Berlin, Germany. Her speech has been translated from German.

I would like to begin with this statement: If Europe had heeded the voice of the developing nations, at the summit of the Non-Aligned Nations at Colombo [Sri Lanka] in 1976, which very clearly demanded the policy of Lyndon LaRouche and Helga Zepp-LaRouche, the world would not have landed in this crisis, which, as everyone admits, has struck with breathtaking speed.

Why do I say this? It was, at that time, a moral failure by Europe. Mrs. Zepp-LaRouche came back from that conference and informed the media and the political institutions about the Resolution of the Non-Aligned nations; she was told that they had no interest in this



EIRNS/James Rea

Portia Tarumbwa-Strid addresses the BüSo conference on March 3.

whatsoever. I maintain that this attitude is the origin of today's crisis.

Here, the majority of the world's population—85 nations—spoke in favor of a new financial system, and a debt moratorium for developing nations. That is, the fictitious debts which the International Monetary Fund and the World Bank had forced upon the developing nations—as is still true today—needed to be cancelled, to clear the way for North-South technology transfers, as providing the indispensable basis for the reconstruction of the so-called Third World.

There have been frightful consequences because of the fact that, instead of endorsing this policy, the

West decided to reject the industrialization of the developing nations. In purely demographic terms, Africa is dying. The cynical reigning policy is exactly that described by Aldous Huxley in his book *Brave New World*, and supported by the British Empire. The people of Africa are suffering disease and death from epidemics which were last seen in Europe in the Middle Ages, as the result of underdevelopment.

For example, of the 922 million people who live in

FIGURE 1

Proposed Water Projects for Africa



Dams and canals could be constructed in the Congo River basin (center), to supply water to the dry regions of the North and South.

Africa, 20% are undernourished, most of them children under the age of 15. For a child, malnutrition or simply a lack of food, means the body does not grow properly, and the child cannot fulfill his intellectual potential, because hunger over long periods prevents one from concentrating, or even leads to lasting mental impairment. Twenty percent of the population of Africa is affected by iodine deficiency, which causes goiter and is life-threatening. Since the onset of globalization, Africa south of the Sahara is the only part of the world where malnutrition has increased in the last 20 years. *Fifteen thousand children starve to death every day in Africa!*

Therefore, for European civilization, whether or not we permit such genocide, is a question of the moral fitness to survive. There is no reason to allow Africa to continue in this way any longer. We have all the necessary technologies to transform Africa into the breadbasket of the world.

This means that for you and me, if we truly want to get out of this crisis, we can no longer tolerate the customary excuses, “Oh, what can we really change anyway?” and “The bigshots are just going to do what they want to do, anyway.”

All one needs to cure this pessimism, is a strong dose of what Friedrich Schiller calls *Empfindungsvermögen* [sensitive faculties]. As he writes in the Tenth Letter of the *Aesthetical Education of Man*, “Whoever does not venture into reality will never discover truth.”

Therefore, I would like to bring up a few examples at this point, to point the way to what can be done immediately, if both Europe *and* Africa determine to overcome this crisis.

LaRouche’s Physical Economy vs. the British Empire

Most people, whether they be economics students or the average consumer, think of economics as a question of sums of money, of income streams, and household finances. Knowingly or unknowingly, everything is reduced to the calculations of a milkmaid, whose creed is: “One can spend only what he takes in.” Nothing else exists. So profit is falsely defined as purely monetary growth, expressed as the difference between what is bought cheaply and sold dearly.

One could say that this idea of profit maximization, which lies at the basis of so-called “market philosophy,” is exactly that which is breaking apart, as a failed system. LaRouche calls it the British Empire, because the entire modern ideology of the era of globalization follows either in the footsteps of Thomas Malthus (the father of the “green” movement) or of Adam Smith (the father of neoliberalism), both paid apologists of the British East India Company. It is no wonder that the World Wildlife Fund and most of the tax havens of the hedge funds are in the hands of the British monarchy!

The axiom of this British thinking was, that the world population must be reduced, so that the world’s raw materials can be snatched up and world domination secured. Henry Kissinger’s infamous memorandum, NSSM 200, expressed this explicitly: If an industrialized Africa is permitted to exploit its own raw materials, this would not leave enough reserves of raw materials for the Anglo-Americans; therefore, the population of Africa must be reduced, and food must be employed as a weapon toward this end.

In opposition to this, LaRouche’s theses are based on physical economy. Looking back through history, at man’s development from a simple hunting-gathering society to a modern, industrial society, it was not only the quantities of food which increased to feed an growing population, but it was the transformation of the way and manner that food and raw materials were acquired



NASA

The legacy of colonialism: A nighttime satellite image of Africa shows it to be truly the dark continent.

As everyone knows, the Sun shines in the most lovely way on Africa, and we should without a doubt take advantage of the terrific climate to achieve a higher crop yield per year. This can only be done with water-control projects such as canals and dams, as we have long advocated.

This must be done for the North of the continent as well as for the South. Water from the Congo River in the North can be managed so as to replenish the dwindling aquifers in the Chad Basin. With retooling, within three months, the automobile industry could supply all the dams, locks, and suitable machines needed. It really wouldn't be that hard.

The same goes for a railroad network. In order to transport four harvests per year to their destinations, the existing rail network—which originated in the colonial system of building rail only from mine to port—must be massively expanded. I think that the Transrapid maglev, rather than conventional trains, should be selected for this purpose. As it is, there exists no railroad

spanning Africa, and if one wants to build an African transcontinental railroad, since this would constitute an investment for the next 50-100 years, it would be cheaper to purchase a magnetically levitated system, because that is an orientation toward the future.

In short, instead of remaining imprisoned in the British monetarist profit-motive mentality, one must think like a Lyndon LaRouche or a Franklin Roosevelt, and plan for the long term. Because, ironically, true profit only comes if one invests in human creativity and transplants new ideas into the economy.

In order for this to come true, we need a lot of electrical power. Optimally, we will be able to have 3 kWh per day per person, so as to provide every person three meals a day, clean running water, a good education, and a rational medical-care system.

To provide for one person with water (taking into account all requirements), you need between 3,000 and 5,000 liters per day. Africa does not now have this quantity, but it could be furnished through the desalination of sea water through reverse osmosis. To produce water in the quantities needed, solar panels or windmills would be unsuitable.

Fourth-generation nuclear power plants, that is high-temperature reactors (pebble bed reactors), such as South Africa has already built in cooperation with the Chinese, are the only rational solution for African nations, because these do not present troublesome problems of atomic waste or nuclear meltdown.

The irony is that this technology, with which the developing nations can finally develop themselves, was developed in Germany by Prof. Rudolf Schulten, but is taboo here in Germany!

Stop the Current Tragedy

If we take stock, again, of the actual situation in 2009, and examine more closely *why* we have gotten into a crisis, we see that there is an unbelievable cover-up of the situation Africa faces in the financial crisis. "Experts" claim that "Africa is for the most part not integrated into the financial markets and therefore tends to be less of a concern."

I believe, however, that the food crisis of the last year proves these experts wrong. Unrest in more than 40 nations worldwide has unmasked the evil role of bio-fuels, and the "green" value-shift is exposed as the enemy of humanity. Speculation on food commodities, through so-called "food futures," has made what mankind absolutely depends upon to sustain life, namely

food, into the prize in a game of chance!

The truth is, the worldwide collapse of demand for raw materials is causing production cutbacks, or the complete closure of raw materials production facilities over broad areas of Africa. In Congo alone, 61 mining firms have cut their workforces, creating an additional 200,000 unemployed in that industry. After the prices of copper, diamonds, and uranium crashed, a presentation was made to the houses of Parliament in Namibia by the President, Hifikepunye Pohamba. He declared an emergency because of the flooding of the Zambesi River in northern Namibia, because the entire crop was obliterated. Flooding occurs there every year, but this time over 400,000 people were affected, and the main reason is a shortage of infrastructure. There is a dam project which could solve this problem in Namibia, and which has been known about for a long time, but it has never been implemented.

The plan that the LaRouche movement worked out in the late 1970s for the development of African infrastructure, involved a project to channel water toward the south, through dry Botswana, to the Limpopo River. I think that definitely, Germany must begin this project, to reverse the breakdown of its machine-tool sector.

In Sudan, the attempt to arrest the sitting President, Omar Hassan al-Bashir, by an illegal court, the International Criminal Court, threatens to plunge the whole country further into chaos, just as the government was about to complete a peace settlement. Every African knows that this court is carrying out a neo-colonialist policy, because it brings charges only against Africans, and is funded by private non-governmental organizations, such as those of George Soros and his former business partner, Lord Mark Malloch-Brown (responsible for Africa and Asia in the British Foreign Office).

The African Union, the Arab League, and the Non-Aligned Movement want to cancel this arrest warrant, because they know it poses a threat to the sovereignty of their nations. The message it sends to them is: "If a head of state in the Third World chooses to no longer participate in the system of globalization, we are going to throw him overboard."

This becomes even clearer, when you know that soon, under President al-Bashir, the largest building project in Africa in decades [the Merowe Dam] will be completed, and that he gave a contract to the Chinese which did not please the European Union, and particularly did not please the British.

In Zimbabwe, there is a similar principle of retribu-



www.wind-energie.de

There is no way that windmills and solar energy can produce the quantities of power required for Africa's development. Here, wind power in "green" Germany, which has banned the high-technology solutions it invented itself, such as ultra-modern high-temperature nuclear reactors.

tion: Sabotage by international financial institutions has pushed the economy of this small, landlocked African nation into an unbelievable inflation, and forced the population to its knees. More than 4,000 have died there in an outbreak of cholera due to a breakdown of infrastructure.

And exactly what is happening in Zimbabwe—hyperinflation—will be caused worldwide by the new agreement that came out of the G-20 summit in London on IMF special drawing rights.

The cholera epidemic, which spread rapidly as a direct result of the economic collapse, is the forewarning of what LaRouche means by "New Dark Age." I have personally experienced this in Zimbabwe, and declare here, that this is simply unacceptable!

Africa and Europe and the entire world simply have too much potential, and are too beautiful, to yield to the despair of a failed elite, to whom it is of no concern whatever, whether Europe and Africa survive.

The Africans would be happy if the Germans, and

FIGURE 2
Africa's Railroads Today



FIGURE 3
Proposed Railroad Lines



the Europeans generally, would stop being enraged over what the Chinese are doing in Africa, and instead do what the Chinese are doing. The Chinese come and say, “We want raw materials. But therefore, we shall build infrastructure for you.” One should be clear on this point: The Africans are not stupid. They know that the Chinese are doing more for human rights, by helping to eliminate hunger, need, and misery, instead of coming in with a catalog of various instructions, enumerating them as preconditions for giving aid. The Chinese call what they do, not “development aid,” but “business”!

And as the entire world economic system is now collapsing, together with the auto industry and entire areas of the real economy, the unique solutions for re-tooling the auto industry would be to help with the reconstruction of Africa.

This orientation has nothing to do with altruism, for pure altruism does not really exist. It actually has to do with what gave Europe its longest period of peace in history—the principle of the Peace of Westphalia, with the creed of always looking after the interests of the other. This is exactly the opposite of what Adam Smith preached: that egoistic man grasps for everything, and that if everybody does this at all times, the market will reign with an Invisible Hand! We see today where that

has taken us; in opposition to it stands the idea that every nation thinks of the advantage of the other, and by doing so, can fulfill its own potential.

You really have to ask yourself, what were the Europeans thinking in 1976 when Helga Zepp-LaRouche’s proposals were not adopted? Perhaps Europe was afraid that others would rise too high? Perhaps they simply did not notice, that without the other, you cannot survive yourself. But today, it is the question of one’s own survival as a sovereign nation! The industrialized nations must help the African nations build roads, ports, and railroads, for this is the way that they themselves can make their way out of the crisis.

I am firmly convinced, that we can only succeed together. Europe must learn anew the lesson from the recent school shootings in Winnenden, Germany, and say, “Our youth need a future!” Instead of mind-destroying education with pure rote-learning, the Classical curriculum of Humboldt and Schiller must be revived, with which children, who have more passion for ballgames, could again acquire a passion for intellectual development, and thus become the engineers, doctors, and teachers who will carry through the technology transfer for the reconstruction of Africa. If we write off Africa, we are also writing off Europe!

The Transaqua Project: Making Africa Bloom

The following report, which has been on the drawing boards for 17 years, is an example of the kind of African development initiative that should be taken by European nations and companies, in the interests of their own economic recovery as well as that of the African continent. It was published in 1991-92 in Italy under the title "Transaqua: An Idea for the Sahel," by Bonifica, Iritecna, Gruppo IRI. Subheads and emphasis are in the original. It was published in EIR, Aug. 29, 1997, and in a 1997 EIR Special Report, "Peace Through Development in Africa's Great Lakes Region: Proceedings of a Seminar in Walluf, Germany, April 26-27, 1997."

The Sahel Belt: An Impending Tragedy

1. In the last fifteen years the Sahel belt of countries has witnessed, impotently, a gradual process of desertification caused by the climatic upsets that have broken a centuries-long ecological balance represented by the scanty, precarious natural resources, by widespread subsistence agriculture and by pastoral nomadism. The fragile nature of the ecosystem has yielded before a sequence of years of drought and near-drought, and today its recovery appears very dubious.

Of the area of approximately 2,500 million acres, which—according to United Nations estimates—presents a *desertification risk throughout the African continent* (about 34% of the overall area), about 1,000 million acres lie along a continuous belt 6,000 km in length, situated between 10° and 20° North, stretching all the way from the Atlantic Ocean to the Red Sea.

A thousand million acres which represent a challenge to the technological capacity of our day and age, and where an immense ecological catastrophe is taking place. These are the countries of the Sahel region. The figures of this tragedy are by now known: tens of millions of persons with a per capita income of under \$200 a year, hundreds of thousands of head of livestock dying of thirst or starving, several thousand mil-

lion dollars spent on generous, albeit complex, operations to save millions of human beings who every year risk starvation.

Prospects of Recovery

2. One of the most disquieting areas of underdevelopment in the world, with perhaps the most gloomy prospects in the entire continent of Africa, it calls for courageous measures of a dimension and scope on a par with the drama that is being enacted in this poverty-stricken part of the planet due to the natural inclemencies and to the scanty results obtained so far by the aid provided by the industrialized nations, massive as this has been.

Rangeland wells, irrigation districts, storage facilities for strategic foodstuffs, reforestation programs, agroindustrial projects—all measures suggested by a tragic situation capable of proposing above all immediate operations of quick effect and rapid impact on the local context, able in some way or other to exorcise scenarios of hunger and desolation that is repudiated by international civil consciences.

Such specific but piecemeal projects have their precise role and a clear political and social rationale, as they are able, through their localized short-term—and sometimes very short-term—effects, to involve the local rural populations, in this way amplifying the effect of the aid, and curtailing, at least in part, the dramatic social decline of the Sahelian region.

But no one can reasonably delude himself that these initiatives, praiseworthy and highly useful as they may be, can truly achieve any real and effective long-term solution, scattered as they are over such a vast area.

It cannot reasonably be conceived that, even if scores and scores of these projects were really implemented within a short period, they could radically change a "year 2000 scenario" which in any case would lose very little of its dramatic character, but would only perhaps be slightly mitigated in its aspects linked with mere survival. Even if these modest enough effects are not negligible, the chasm between the results achieved and the sheer mass of the problems to be faced would still be infinitely great.

Problems which are those since forever, proclaimed at every international conference on the emergent countries, and allotted top priority by every financing agency; problems which in the Sahelian context inordinately magnify the consequences of the failure to solve them:

- the water-agriculture-livestock combination

- the transport-marketing binomial
- the energy-transformation binomial.

Our over thirty years' experience of the development of emerging nations—so miserably failing to meet the expectations of the beneficiaries—has amply demonstrated that any “piecemeal” project, however well implemented, is bound to prove an end in itself, or, worse still, will not even attain its economic and social take-off, unless closely tied into the regional and inter-regional context with solid, long-lasting transport and commercial infrastructures (often far more costly than the project itself).

Conceiving the creation of such transport facilities and such regional and interregional trading facilities of a permanent, efficient type, either preparatory to or contemporaneous with the individual hydro-agricultural projects, appears to be a more adequate approach to the complexity not only of existing problems, but also and above all of those which arise immediately after the single projects and the concomitant management operations.

Creating opportunities to offset hunger and thirst, but at the same time to construct those large-scale support infrastructures which will guarantee supplies of raw materials and the marketing of the finished products, providing incentives for regional trade, means laying the foundations necessary not only for the single projects to take off, but also for each one of them to bring forth an induced effect of multiplying initiatives and generating collateral activities; which complex process, with a simultaneous inner growth, can really be called development, that will be the more secure over the long term, the more opportunities it generates.

The Presuppositions of the Project Idea

3. The Transaqua Project presented here at the level of a project idea, is based upon the following simple presuppositions:

- the underlying cause unleashing the ecological imbalance of the Sahel is the lack of water due to several years of drought and near-drought and to abnormal weather. It is therefore necessary to identify and to create new sources of water supply to substitute rainfall:
- the rebalancing by man of the upset rural activities of the populations can come about over the medium and long term only, in substance, through irrigated cultivation, lacking a natural return to more favorable climatic conditions;

- the recovery of the Sahel, therefore, must pass by way of new types of balance, deriving from the partial abandonment of extensive agriculture (based on well-spread and above all constant seasonal rainfall, even though of modest quantity) in favor of the gradual development of intensive agriculture (based on “concentrated” water availability not dependent upon the seasons);

- a new balance to be achieved, at least in part, on the basis of intensive agriculture, cannot leave out of account adequate transport and marketing facilities which are regarded as indispensable supports for any serious hope of success;

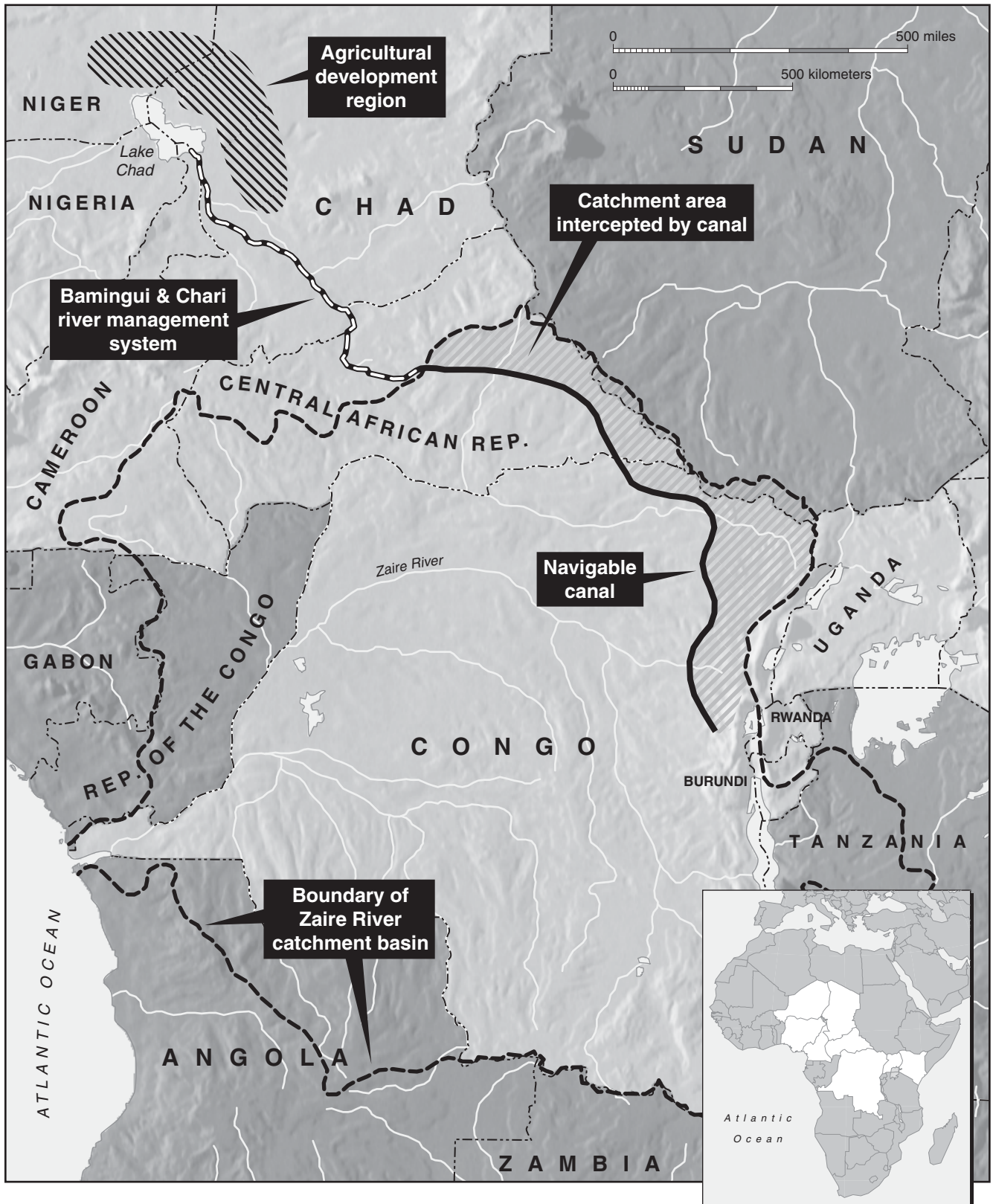
- the necessary initial transfer of inputs and technology must have as its objective the development of autochthonous African resources, the verticalizing of production processes through local value added, and the utmost amount of trading among African consumer markets, in such a way that the objectives to be accomplished can guarantee the maximum amount of operational and economic-financial autonomy, the sole condition that will assure irreversibility, and the only one capable of interrupting the massive flow of international capital necessarily needed for many years yet to come for purposes of subsistence pending the take off of autonomous developments.

The basic idea of the Transaqua Project is to “transfer” approximately 100,000 million cubic meters/year of fresh water from the basins of the River Zaire to the Sahelian area in Chad and Niger [Figure 1].

The support for this project idea is represented by the Central African geographical reality, in which the Zaire-Chad watershed is a natural barrier separating two great catchment areas; one to the north, where drought reaps victims because of the lack of water resources, and the other one to the south, where rainfall is so abundant that it creates extraordinarily lush environments that often experience—due to forest encroachment—the opposite sort of problems for the rational development of modern agricultural activities.

The mass of water of the River Zaire—the most important river in Africa, the second one of the planet, after the Amazon, in size of catchment area—calculated at its mouth to be around 1.9 million cubic meters flowing out into the Atlantic every year, would be “curtailed” by barely about 5% of its discharge as a result of taking off the approximately 100,000 million cubic meters a year, to change the face of the desert a few hundred kilometers further north.

FIGURE 1
The Transaqua Project, as Proposed by Bonifica



This “modest” off-take would represent a constant discharge of about 3,200 cubic meters a second, equal to almost double the discharge of the Nile downstream of Aswan.

The basin of this largest African river forms a vast natural amphitheater, consisting of a central area—at an elevation of under 500 meters above sea level—corresponding to the main course of the river and of its chief tributaries, surrounded to the south, east, and north by a plateau (situated between about 600 and 1,000 meters above sea level) which is shaped almost like a semicircular crown. The project idea could be a technically feasible proposition with the construction of a broad navigable canal, which, running along the eastern and northern crest of the Zaire¹ catchment, could intercept the waters of the extreme northeastern edges of the basin and, after a course of about 2,400 km [Figure 2], would reach the Zaire-Chad watershed in Central African Republic territory and discharge its entire flow at the head of the River Chari, a tributary of Lake Chad.

In Chad, probably using in part the bed of the Chari itself, the waters could be conveyed to the areas of Chad and Niger north of Lake Chad which are in the process of becoming desertified. In these regions of the Sahel, it can be reckoned that between 12 and 17 million acres could be brought under intensive and semi-intensive type irrigation development (for purposes of comparison, it is pointed out that 40 million Egyptians live in an irrigated area of under 7 million acres, although cultivated very intensively).

The sector of the Zaire catchment area intercepted by the approximately 2,400 km of artificial canals would be located between about 2°S and 8°N, while the waters collected therefrom would be utilized right in the midst of the Sahel area, between 12° and 16°N.

In its drop down to Chad, this mass of 100,000 million cubic meters per year of water could, via a series of hydroelectric stations, produce energy to the extent of some 30-35,000 million kwh, equal to about 70% of Italy’s hydroelectric production and to about 15% of its entire production of energy (hydro, thermal, and nuclear). Such a quantity of energy could radically change the face of the present rural settlements and provide a strong boost for future agricultural developments, both in the foreseen area north of Lake Chad, and in the new development area along the navigable canal, by means of two high-tension electricity lines; one of them, dis-

tributing energy to Chad, about 1,300 km long, and the other, distributing energy along the navigable canal, about 2,400 km long.

The Project Idea

Transport, processing, and commercial infrastructures; container port and industrial free trade zone:

5. But the idea of a “transfer of water” as an end in itself, even of a mass of water greater than the discharge of the Nile, however appealing against the grim background of the arid Sahel, would still only be partial and insufficient unless framed in the vaster African international transport system: the planned Lagos-Mombasa Trans-African Highway, which will run for over 6,000 km and connect the Indian Ocean with the Atlantic, and the Lagos-Algiers Trans-Sahara Highway, practically already in operation and which, once it has been completed for its full length, will permit fast links between the Gulf of Guinea and the Mediterranean. It is also and above all in this context of big African international lines of communication that the Transaqua Project should be considered: a huge “riverway” able to connect up the markets of vast Central African “enclaves” such as Rwanda, Burundi, the Kivu region, the whole extreme northeastern part of Zaire and of the Central African Republic, with consumer centers of other Central African countries (Nigeria, Niger, Chad, Cameroon, Kenya, and Uganda) and with the two ocean ports of Lagos and Mombasa for trade flows outside of Africa.

This international traffic link-up could take place at the crossing with the planned Lagos-Mombasa Trans-African Highway, where one can conceive the construction of a river container port with an adjoining industrial “free trade zone.”

If this node or “marshalling yard” for river- and road-borne goods were to be planned at or near the pass where the navigable canal crosses the Zaire-Chad watershed, there is no doubt that it could benefit from an enormous quantity of hydroelectric energy that could be produced on the spot, after the construction of a hydropower station at the head of the Chari catchment, which would be the first, from a topographical standpoint, of a series of such stations almost as far as N’Djamena. In this way a polyfunctional free trade zone could be established in Central African territory [see Figure 3] which, as well as functions of marshalling container-borne goods, could cater for the impor-

1. Zaire is now the Democratic Republic of Congo—ed.

tant economic and commercial task of product processing, by means of a series of agricultural and food plants, textile mills, and woodworking units, based on African agricultural, live-stock, and forestry products from newly developed areas which would become available for productive agricultural activities precisely thanks to the new riverway and to the future Lagos-Mombasa Highway. In particular, the economic means of river transport represented by the 2,400 km of canal through Zaire and Central African territory would act as an agricultural produce marketing facility which, equipped with a series of small “moorings” or “berths,” would provide a stimulus for the agricultural development of a large number of river valleys upstream of the waterway and throughout its course.

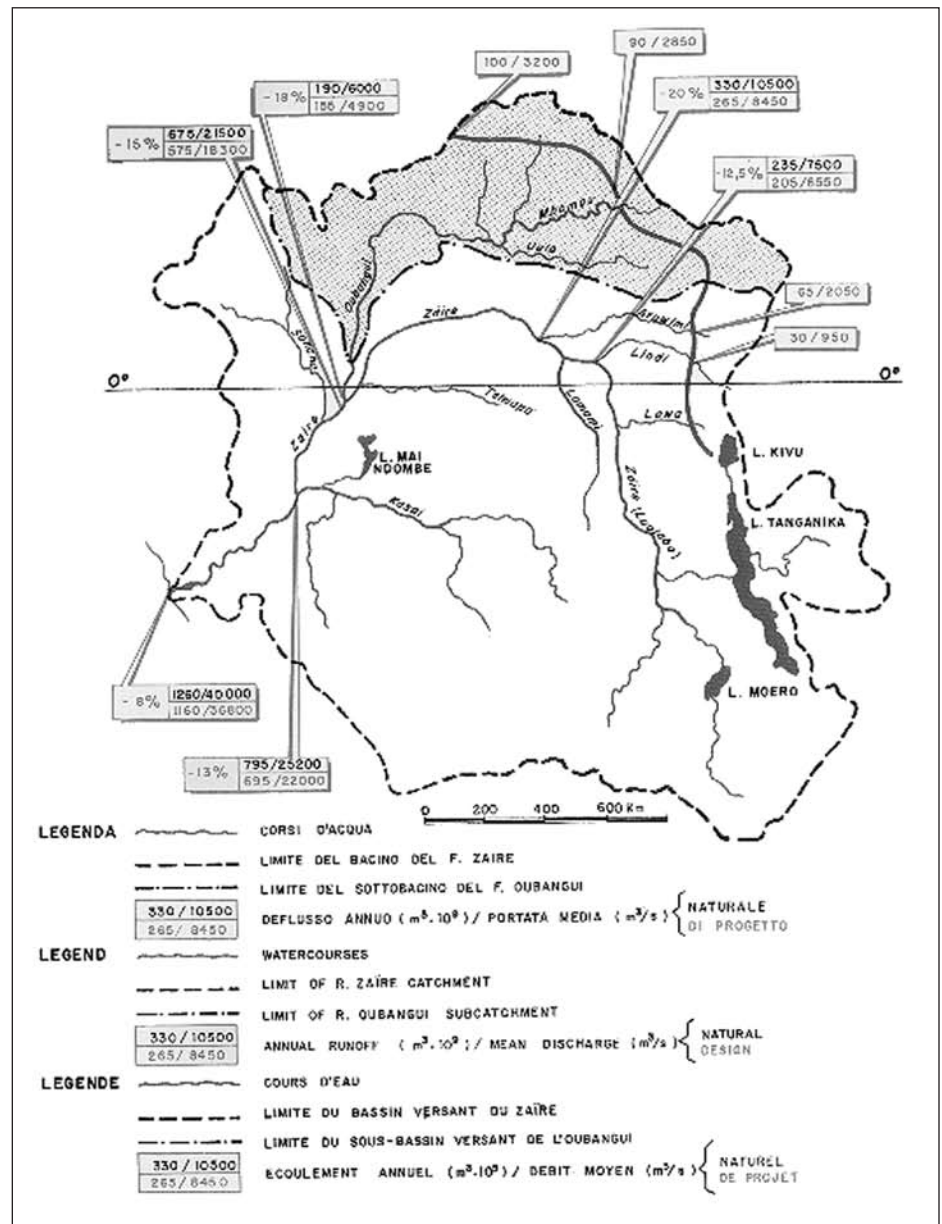
Many areas of the Sahel could, in the long term, be supplied not only with water and electricity, but also with cereals, meat, milk, etc., produced on African soil instead of having constantly to depend on costly and precarious imports from other continents.

Plausible Prospects

Decisive water and energy supply for the Sahel; a practical start of the post-colonial dream of economic integration:

6. The Transaqua Project, viewed from the sole standpoint of transferring water resources to the semi-desert areas in the Chad-Niger border region, would lead to the creation of a series of irrigation areas in a region of some 50-70,000 km² (about the same size as southern Italy) in the heart of what is considered the “traditional Sahel, formed by eight countries (Cape Verde, Gambia, Senegal, Mauritania, Mali, Upper

FIGURE 2
Hydrological Features of the Zaire River Basin

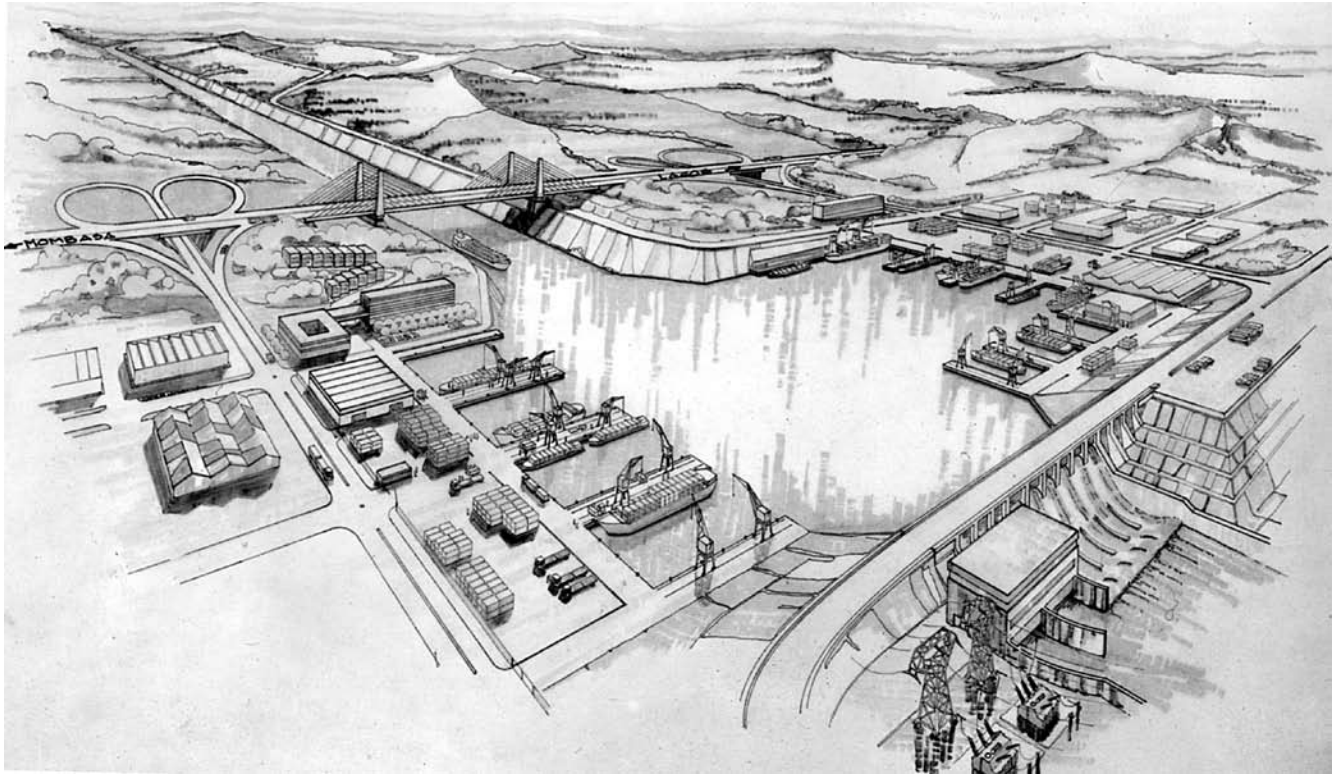


Volta, Niger, and Chad). The Transaqua Project is, from the water and energy point of view, aimed at the final and lasting solution, albeit over the long term, of the problems of hunger of over 50% of the Sahelian area, since the two countries that are the direct beneficiaries thereof account for about one-half of the total Sahel area and for about 30% of its entire population.

The Transaqua Project, viewed in the context of the ten Central African countries more or less directly concerned by the planned network of international river

FIGURE 3

Artist's Rendition of Integrated River Port in Central African Republic



and overland transport (Niger, Nigeria, Chad, Central African Republic, Cameroon, Zaire, Rwanda, Burundi, Uganda, and Kenya, representing in terms of land area approximately one-quarter of all Africa), is undoubtedly a decisively propulsive element for the practical start-up, perhaps within the span of one generation, of the African post-colonial dream of the international economic and productive integration of the continent, an indispensable condition for true economic autonomy and political independence.

The time is ripe for a Transaqua Project.

Russia has started work on the transfer of 60,000 million cubic meters per year of water which the continent's relief today causes to flow into the Arctic Ocean, the final aim being to divert this flow to the dry regions of Kazakhstan and of Uzbekistan by means of a 2,200 km navigable canal (the envisaged cost of the hydraulic works alone is about \$18,000 million), which should transform these semi-desert areas into some of the most fertile lands of the CIS [Commonwealth of Independent States].

The direct and indirect benefits of the Transaqua Project deriving from the agricultural outputs obtainable, their processing and marketing, from the transport economy and energy production, enable us to foresee, despite the obvious present uncertainties regarding investment costs, a return on the operation that is interesting even from the economic and financial standpoint.

It is plain that, in view of the mass of investments required and the size and quantity of the foreseeable works along a stretch of 2,400 km, the project should be carried out in successive stages, each of them to be economically and socially justifiable. Such should undoubtedly be feasible assuming a start be made on constructing the canal at its downstream and, gradually extending it in an upstream direction to its point of origin. The technical means to construct such works do not constitute an insurmountable obstacle.

The units of measurement of the investment costs are not only millions of dollars, but the absence of wars, millions of human beings saved from starvation, social peace, and an international conscience.

Central African ‘Transaqua’: The ‘Pivot’ Role of the Central African Republic

1. The Transaqua Project, in its Central African Republic stretch, assuredly displays its most qualifying aspects, at both the technical and social and economic level.

It is in the Central African Republic, in fact, that the project’s most demanding technical engineering problems have to be resolved, considering that in this stretch the waterway will have to cross the divide between the Zaire-Lake Chad catchment areas, will have to feed an artificial lake which will be the basic infrastructure for a river port for containers, and lastly, will have to link up with the country’s major road: the Lagos-Mombasa Trans-African Highway.

From the functional aspect, the Central African Republic area will host the vital center of the Transaqua Project and the system’s operational nucleus.

In point of fact, the complex of works made up of the incoming canal, the balancing basin, the dam with its hydroelectric station, and the link roads with the Lagos-Mombasa Trans-African Highway, will constitute the Inter-African Polyfunctional Trading Area (IPTA), provided with an industrial free port area and a container port.

The geographical position of the Central African Republic, penalized by the lack of ocean outlets, is instead—in the context of this Transaqua Project—privileged by its location straddling the Oubangui-Chad divide, enabling it to assume the highly important role of pivot between these two catchment areas.

Some Technical Considerations

2. The canal in the Transaqua Project will flow through the territory of the Central African Republic for a length of approximately 800 km, in the northeastern part of the Zaire basin, drained by the Oubangui and its tributaries. The canal will run more or less parallel to the divide with the White Nile catchment area.

The canal alignment will then make a westward turn until it crosses the divide with the Chari catchment basin at the most favorable point, the canal then discharging into said basin.

In Central African territory the canal will intercept the upper Oubangui basin in the area of the highest

catchments of its right-bank tributaries as well as the right-bank tributaries of the River Mbomou, in its turn the major tributary of the Oubangui and marking the northeastern border with the Republic of Zaire.

In its course the canal will drain an area of about 80,000 km² which will contribute some 20 billion cubic meters of water a year to the Transaqua canal, i.e., about 10% of its total discharge.

This off-take from the right-hand part of the upper basin of the Oubangui, together with the water diverted from the left-hand part of its upper basin in Zairean territory, estimated as a further 25 billion cubic meters a year, will mean a decrease of approximately 18% in the total discharge of the river at its confluence with the Zaire, currently 6,000 m³/second. About 60% of this total off-take will concern the Central African Republic, and some 40% Zaire. The off-takes resulting from the canal drainage through the Central African Republic will be concentrated during the months of heaviest rainfall, in this way contributing towards regularizing river flows and controlling floods, by means of a series of balancing basins constructed along the canal.

The canal runs from south to north, as follows:

- The southernmost stretch of the canal enters the Central Africa Republic at 27°E and approximately 5°N, intercepting the River Mbomou—which forms the border with Zaire—in an area between Obo and Bambouti. Then, running through the Upper Mbomou region at elevations of around 700m above sea level, it receives the waters of the upper stretches of the Rivers Ouarra, Ngoangoa, Vovodo, and Chinko, in their turn all right-bank tributaries of the Mbomou.

The basins of these rivers receive a mean rainfall generally in excess of 1,500 mm a year, and their runoff coefficients appear to be between 20 and 30%. The contributions of these four basins are concentrated from the months of May-June to September-October, in which periods more than two-thirds of the annual rainfall occurs.

- The northern stretch of the canal continues with a broad sweep westwards through the entire region of the Upper Kotto at elevations of under 700m above sea level until it reaches the southern slope of the Bongo Massif north of Yangalia where the mountain chain separating the two basins is at its lowest point (about 600m above sea level). In this last stretch, the canal intercepts the Kotto and its tributary the Bongou, the Kotto being in its turn a direct tributary of the Oubangui. The fea-

tures of the drainage system of this region are not very dissimilar to those of the Upper Mbomou, although flows are smaller because of the lower rainfall (generally under 1,000 mm/year) and the longer dry period.

- The stretch of the canal affecting the Central African part of the Chad basin will start in a crossing area to be identified between the upper Bamingui basin and the upper basin of its tributary, the Koukourou, both of these rivers being tributaries of the Chari. Their river beds, duly conditioned, could receive Transaqua's flow of over 3,000 m³/second in addition to their own natural discharges. The flows of what will be in actual practice a new river will be conveyed along the whole western border of the Bamingui-Bangoran National Park, entering Chad at the northern boundary of the park. From the divide to the border with Chad, the Bamingui drops from about 600 to 300m above sea level, meeting the Chari at the frontier between the Central African Republic and Chad.

Foreseeable Environmental Impact

3. The interception of the flows of the upper Oubangui basin and the off-take of a total of about 35 billion cubic meters annually (of which some two-thirds are in Zaire and one-third in the Central African Republic) will not only not have negative consequences but, on the contrary, will have considerably positive effects.

In fact, the drainage basins intercepted by the canal are generally characterized by a hydrological behavior differing through the course of the year; the southern basins have more than 1,500 mm of rain a year distributed over about six months; the northern basins instead have more modest rainfall (800-1,000 mm/year) concentrated in three to four rainy months alternating with eight to nine dry months.

In Central Africa, the canal crosses, in fact, a belt of wet tropical climate, in its southern stretch, and a zone of sub-Saharan type climate, with a long dry season, in its northern part.

The immediate effect of the canal will therefore be to control the floods and to convey the waters of the rivers intercepted in the south to the watercourses intercepted in the more northerly stretch, either by means of direct flow into the rivers or by creating special storage and balancing basins. This water compensation system will be able to guarantee longer annual periods of water use of even secondary rivers normally dry for several months.

From the climatological standpoint there can be no consequences of any sort, since the canal does not form a concentrated water surface, as instead is the case when large artificial reservoirs are constructed.

The ecological effects on the natural environment, finally, will be comparable with those caused by making a large thoroughfare through a more or less virgin area. In view of the great abundance of ecological themes and the huge area concerned, the canal will produce only negligible consequences from this point of view.

'Central Africa 2000': Political and Economic Prospects

4. The Central African Republic's support for the Transaqua Project will bring in very great economic and political benefits to the country.

Being situated at the very economic center of the Transaqua system, indeed the country can expect the advantages deriving from the establishment of the Inter-African Polyfunctional Trading Area (IPTA) which will be located in the Upper Bamingui Valley in an area between said river and its tributary, the Koukourou. These advantages can be summed up as follows:

- powerful development of commercial traffic due to the new waterway which could be connected, by means of two simple road links, with the Lagos-Mombasa Highway, and also with the river port of Bangui and, via this, by river, with Brazzaville and Kinshasa;
- the creation, for the first time in the heart of continental Africa, of a large river port equipped to handle containers, linked with the ocean ports of Lagos and Mombasa;
- the production of a very great amount of hydroelectric energy with the construction of a series of dams along the modified course of the Bamingui, the first and most important of which will be situated at the IPTA (the hydroelectric potential of the Transaqua in its drop to the Chad is estimated as some 30-35 billion kwh/year, two-thirds of it producible in the Central African Republic and one-third in Chad;
- the establishment, in the IPTA area, of a vast industrial zone specialized in the agro-food sector, capable of ensuring, with the setting up of agroindustries of adequate size, the processing of the agricultural and animal products from the newly developed agricultural areas. These areas will be created, both in the Central Africa Republic and in Zaire, along the alluvial valleys intercepted by the canal, and will be served

by river landing stages;

- the upgrading and development of the mining region traversed by the canal, including Bakouma, Bria, Mouaka, and Ouadda;

- the recovery for production purposes of a region of about 100,000km² today completely without any road network and which will be able to use the waterway link to the IPTA and, through this, to ensure the movement of agricultural and animal products to be processed and the supply of production inputs, in their turn indispensable for the development of the new agricultural areas;

- a massive and unprecedented influx of capital and of international undertakings into the country, guaranteeing permanent employment for at least twenty years for the Central African populations.

There is no doubt that the socio-economic impact which the country will receive as a result of the Transaqua Project will be decisive and will condition the whole development of the Central African population in the short, medium, and long term. The Transaqua Project—with its direct effects and its induced and side effects—will provide a formidable boost to the country's socio-economic development and will be projected into a productive dimension and a commercial logic anticipating development models which, in the coming twenty years, the African continent will have to adopt, exploiting the inestimable resources of its territory above all by means of exporting agricultural and food products, obtained with suitable and appropriate technologies, to adjoining countries and also to markets outside of Africa, increasing the dynamism of agroindustry, transport, and energy production.

Since the design logic foresees the start-up of canal construction at the northern end, then proceeding gradually with construction in successive stretches southwards, the Central African Republic will be the country that will “lay the foundation stone” of the Transaqua Project, the first worksite being opened along the Oubangui-Chad artery in the vicinity of a mountain “crossing” from which it will be possible to dominate, in a southerly direction, the equatorial water-donating areas and, northwards, the arid, desolate regions of the Sahel, the final recipients of said water. At this “crossing,” Africa will be able to show that the most viable North-South dialogue is one that can take place within the continent itself.

‘Transaqua’: Zaire’s Priority and Essential Role

1. There is no doubt that, as the Transaqua Project is accepted and supported by the countries directly concerned (Zaire, the Central African Republic, Chad, and Niger), the partner among these countries which emerges to the greatest extent in the framework of international aid from future donors of funds will be the one supplying the project almost all of the water, namely Zaire.

Zaire, indeed, would supply the project about 90% of the water intended to feed the Sahel regions, while the remaining part would be taken from the navigable canal in Central African Republic territory.

It is foreseen that the water will be obtained by off-takes from the water courses in the extreme eastern belt of the Haut-Zaire and Kivu regions, in climatic areas where the average annual rainfall is around 1,800-2,000 mm and where the surface runoff feeds the four hydrographic systems of the Oubangui, the Aruwimi, the Lindi, and the Lowa, which in their turn are tributaries of the Zaire.

The numerous tributaries of the four abovementioned catchment areas could be intercepted in their upper basins by means of barrages which—guaranteeing continuity to the big navigable canal—would at the same time create large artificial reservoirs which would deliver part of their waters to the courses of the dammed rivers, thereby regulating their flow regime downstream of the barrages, especially during the peak flood periods.

Numerous alluvial valleys will become available along the courses of the rivers intercepted, upstream of the individual dams, and the reservoirs created by these structures could form lake areas ideal to accommodate a whole series of river ports, regular commercial “terminals” serving the new development areas for the export of agricultural products, and for the supply of the necessary means of production, with the low costs of transport characteristic of river routes.

At least 10 areas seem suitable for integrated agricultural and stockraising development already from this first “project idea”: those corresponding to the flood valleys of the rivers Dungu, Nzoro, Ituri, and Epulu, and the upper basins of the rivers Uere, Bomo-kandi, Nepoko, Lindi, Oso, and Lowa. Surface off-

takes from these upper catchment areas would have no appreciable practical consequences in terms of discharges at the level of the four hydrographic systems mentioned; on the contrary, there would be certain advantages deriving from their partial control.

Some Technical Considerations

2. The canal in the Transaqua Project will run through Zaire territory for a length of approximately 1,600 km, along the western side of the divide between the Zaire basin and the Great Lakes region, at elevations of not more than 900-950 meters above sea level.

It will drain the upper basins of the right-bank tributaries of the Lualaba and the Oubangui for a total surface area of about 220,000 km², about 140,000 km² of which is in Zaire.

Proceeding from south to north:

- the southernmost stretch of the canal (running from the Kivu region towards Haut-Zaïre) will be fed by the upper basins of the Lowa and the Lindi.

Both of these basins are situated in areas with rainfall of over 1,800 mm/year and a large part of them have rainfall of more than 2,200 mm/year. The runoff coefficients are always high, greater than 40% taking almost the whole of the upland contributions from the middle and lower courses of these rivers will not lead to any negative effects, considering that the availability in these areas is overabundant, and that the rainfall/evapotranspiration balance is amply positive in every month of the year.

On the contrary, abstracting the contributions of the upper mountain basins by means of the canal will have a regulating action on the flood flows of the individual tributaries of the Lowa and of the Lindi.

The upper catchments of these two important right-bank tributaries of the middle course of the Zaire will, according to calculations, supply some 30 billion cubic meters a year, equal to an aggregate discharge of about 950 m³/second. At Kisangani therefore the average discharge of the Zaire River will be less than about 12.5% of the 7,500 m³/second that is the present discharge.

- the intermediate stretch of the canal, flowing through the Haut-Zaïre region in a south-north direction, will be fed by the upper Aruwimi basin, with off-take works on the main tributaries, the Lenda, Ibina, Epulu, Dnuye, and Nepoko.

These basins, too, as the ones above, are characterized by considerable rainfall (averaging around

1,800 mm/year) and high runoff coefficients, and therefore, also in this stretch, removing flows from the upper mountain basins from the Aruwimi hydrological system will have no other consequence than that of regulating the discharges of the river system downstream of the canal during the periods of maximum rainfall.

The upper catchment of the Aruwimi will contribute about 35 billion cubic meters a year to the canal, equal to a discharge of about 1,100 m³/second. Downstream the confluence, at Basoko, the Zaire River will therefore have a decrease of about 20% in respect of the estimated average discharge of 10,500 m³/second.

- The most northerly stretch of the canal, running almost parallel to the Zaire-Sudan border and the Central African Republic-Sudan border, will intercept the tributaries of the Oubangui, namely the Uele and its tributaries, the Bomokandi, Nzoro, Dungu, Duru, Garamba, and the Uere.

The basins of these rivers receive rainfall of between 1,800 and 1,500 mm/year and their slopes gradually decrease towards the northwest. The runoff coefficients also tend to decrease in the same direction and average about 30-20%.

There is a portion of the upper catchment of the Oubangui in Central African Republic territory, where the upper basins of the Mbomou, the Quarra, the Ngoango, the Vovodo, the Chinko, the Kotto, and the Boun-gou also share in supplying the canal with water.

On the whole, the upper Oubangui basin will contribute about 35 billion more cubic meters of water to the canal, equal to an aggregate discharge removed from the Oubangui of some 1,100 m³/second equal to 18% in respect of average discharge of 6,000 m³/second.

Of this discharge, it is estimated that about one-third will be taken off in Central African territory and about two-thirds in Zaire.

Due to this third decrease and to those made upstream the medium average discharge of the Zaire River, downstream the confluence of the Oubangui River near Irebu, will have an estimated total decrease of about 15%.

This corresponds to a decrease from 21,450 to 18,300 m³/second (equal to 680 billion m³/second and 575 billion m³/second, respectively).

The total of these three losses represents about 8% of the total discharge of the river Zaire, considered at its mouth.

Foreseeable Environmental Impact

3. From the hydrological standpoint, the removal of even considerable flows from the watercourses intercepted by the southern stretch of the canal cannot have any negative effect on the flows downstream of the canal, in view of the high rainfall regime and the distribution of the rains, spread over almost the whole of the year.

On the contrary, the reservoirs that will be created along the course of the canal at each watercourse intercepted will act as precious water “fly wheels” which will function effectively in routing flood discharges and for the possible regulation of flows in the watercourses intercepted by the most northerly stretch of the canal.

In fact, the catchments of these rivers are subject to a rainfall regime—and therefore to hydrological behavior—of a more differentiated nature (spring minimum and autumn maximum), and therefore the canal and the linked reservoirs can help to regulate their flows on an all-year basis, diminishing the flood discharges.

The possibility will also be studied of increasing the low-period flows of these rivers with waters from the more southerly basins, conveyed in the canal, using to advantage the fact that the relevant hydrographs are not in phase.

The tributaries of the Oubangi especially will be able to benefit from the canal as a means to regulate both floods and low flows.

Lastly, the regulation of the flood discharges of the rivers Lowa, Lindi, and Aruwimi, diminishing the flows in the middle course of the Zaire, will mean a decrease in the swampy areas of the “cuvette.”

From the climatological point of view, no appreciable consequences of any type are foreseen, in view of the fact that the canal does not create—as, on the contrary, is the case with large artificial lakes—sizable areas of water concentrated over a given stretch of territory.

The ecological effects will be the same as those caused by the construction of a large highway through an almost virgin area. In view of the great abundance of ecological themes present throughout the area, the canal will produce only negligible consequences from this point of view.

‘Zaire 2000’: Political and Economic Prospects

4. Zaire’s support of the Transaqua Project, apart from giving the country international prestige that would derive from being the promoter and sponsor of a

continental-scale project, above all to make a truly resolute contribution to a vast area of the Sahel, would bring a series of direct and indirect benefits to the country which is difficult to identify in their totality.

Certainly the most evident direct advantages, apart from those of political prestige, are the following.

- a massive influx of international capital, without precedent in African territory;
- very large investments in the country following measures by large-scale international enterprises, continuing for about twenty years and therefore capable of permanently involving the professional activity of managerial, middle, and worker levels for a whole generation of Zaire citizens;
- the productive recovery of a region of some 200,000 km² today lacking in road connections with African centers of consumption and supply, which would be linked with an Inter-African Polyfunctional Trading Area provided with a free port, and via the IPTA container port, with Lagos and Mombasa by means of the Trans-African Highway, at present already at an advanced state of construction;
- the integrated intensive development of numerous areas having high agricultural and stock-raising potential connected with the IPTA by a navigation canal, and complete electrification of all the development areas using hydroelectric energy;
- commercial openings for agricultural and livestock products of the new areas of intensive development in eight African countries;
- possible transition of commercial traffic to and from Burundi and Rwanda.

While it is true that the essential basis of the “Transaqua” Project is the water of the river Zaire, it is no less true that the donor country of this water will be the one that will receive perhaps the major economic benefits, not only in the long term but also over the short and medium term.

In fact, the working hypothesis is, obviously, to start construction of the canal from its northern end and then gradually to make extensions southwards until it is completed. Therefore Zaire will be able, together with the Central African Republic, to make use of the economic, commercial, and social advantages stemming from the project right from its very earliest phases of implementation.

With the help of Transaqua, “Zaire 2000” will be able to contribute significantly to the image of Africa at the dawn of the coming century.

The Source of the Pestilence: The WWF

It is no coincidence that “Earth Week,” the pagan celebration launched by the British-spawned Malthusian environmental movement, was the setting for the outbreak of the latest potential pandemic, the incidence of a deadly form of swine flu in Mexico. For, as Lyndon LaRouche stressed, the World Wildlife Fund (WWF) of Nazi Prince Philip and Hitler-lover Prince Bernhard, who spawned the mass anti-human movement in the 1960s, created the environment which wrought this disaster, and they fully deserve the blame.

As of this writing, the scope and potential of the flu outbreak cannot be predicted. Incidences of the swine-flu-like virus have caused more than 80 deaths in Mexico, and apparently infected more than 1,000 others, at the same time that less virulent cases of the same viral infection have been found in at least four states of the United States—California, Kansas, Texas, and New York. The source of the deadly infection is not known, and despite competent public health measures now finally being taken in Mexico and the United States, there is no reason to believe that the spread of the disease is under control.

The reasons for the deadly toll of the disease in Mexico, go to the heart of the responsibility of the British Empire’s WWF. Under the WWF’s ideology, which has infected the entire world financial system and most governments, there has been a dramatic takedown of living standards through deindustrialization and “green” environmentalism, including the reduction of nutritional and public health standards to genocidal levels. As LaRouche has long explained, these policies have created the certainty of an explosion of disease and pandemics—the only question being when and where these disasters would strike.

As for the WWF, its view, as expressed repeat-

edly by the evil Prince Philip, is to reduce the world’s population, to a size it considers “manageable.”

LaRouche added that the other key factor in the current crisis is “the demoralization which has occurred with the breakdown of the Obama Administration, since its trip to London. This has meant that the nations which would otherwise have been kicked into mobilizing for this kind of problem, did not. And this is the effect of political corruption, of that type, on general health. Because the key thing, in public health, is the mobilization to maintain the objectives of public health.”

While the Mexican government clearly did not move expeditiously enough on the outbreak, LaRouche stressed that blame has to be put on the U.S. government as well.

You had a breakdown in the U.S. government, LaRouche said. They weren’t on the ball in this case; they should have been fishing for this. Because in these conditions, and as long as you have a Larry Summers influencing the President’s perception of reality, you are going to have more of this kind of disaster. We can describe Summers as a pestilence of his own.

LaRouche and *EIR*, our readers may recall, have been warning of the danger of biological holocaust as a result of genocidal economic policies, since 1974, when LaRouche convened a biological holocaust task force to explore the dangers which IMF austerity conditionalities were creating in the Third World. One such outbreak since that time has been AIDS, which has killed tens of millions. Now, another such horror looms. The *only* means for preventing a hecatomb is to get rid of the British Empire—by implementing LaRouche’s New Bretton Woods financial reorganization.

See LaRouche on Cable TV

INTERNET

- BCAT.TV/BCAT Click BCAT-2 Mon: 10 am (Eastern Time)
- LAROCHEPUB.COM Click *LaRouche's Writings*. (Avail. 24/7)
- MNN.ORG Click *Watch Ch.57* Fri: 2:30 a.m. (Eastern Time)
- QUOTE-UNQUOTE.COM Click on *Ch.27*. Tue. 6 pm (Mtn.)
- SCAN-TV.ORG Click *Scan on the Web (Pacific Time)*. Ch.23: Wed. 7 am Ch.77: Mon. 11 am
- WUWF.ORG Click *Watch WUWF-TV*. Last Mon 4:30-5 pm (Eastern)

INTERNATIONAL

THE PHILIPPINES

- MANILA Ch.3: Tue 9:30 pm

ALABAMA

- UNIONTOWN GY Ch.2: Mon-Fri every 4 hours; Sun Afternoons

ALASKA

- ANCHORAGE GCI Ch.9: Thu 10 pm

CALIFORNIA

- CONTRA COSTA CC Ch.26: 2nd Tue 7 pm
- COSTA MESA TW Ch.35: Thu 5:30 pm
- LANCASTER/PALMDALE TW Ch.36: Sun 1 pm
- LONG BEACH CH Analog Ch.65/69 & Digital Ch.95: 4th Tue 1-1:30 pm
- ORANGE COUNTY (N) TW Ch.95/97/98: Fri 4 pm

COLORADO

- DENVER CC Ch.56 Sun 10 am

CONNECTICUT

- GROTON CC Ch.12: Mon 5 pm
- NEW HAVEN CC Ch.23: Sat 6 pm
- NEWTOWN CH Ch.21: Mon 12:30 pm; Fri 7 pm
- NORWICH CC Ch.14: Thu 7:30 pm
- SEYMOUR CC Ch.10: Tue 10 pm

DISTRICT OF COLUMBIA

- WASHINGTON CC Ch.95 & RCN Ch.10: Irregular

FLORIDA

- ESCAMBIA COUNTY CX Ch.4: Last Sat 4:30 pm

ILLINOIS

- CHICAGO CC./RCN/WOW Ch.21: Irregular
- PEORIA COUNTY IN Ch.22: Sun 7:30 pm
- QUAD CITIES MC Ch.19: Thu 11 pm
- ROCKFORD CC Ch.17 Wed 9 pm

IOWA

- QUAD CITIES MC Ch.19: Thu 11 pm

KENTUCKY

- BOONE/KENTON COUNTIES IN Ch.21: Sun 1 am; Fri Midnight
- JEFFERSON COUNTY IN Ch.98: Fri 2-2:30 pm

LOUISIANA

- ORLEANS PARISH CX Ch.78: Tue 4 am & 4 pm

MAINE

- PORTLAND TW Ch.2: Mon 1 & 11 am; 5 pm

MARYLAND

- ANN ARUNDEL CC Ch.99; FIOS Ch.42: Tue & Thu: 10 am; Fri & Sat: midnight
- P.G. COUNTY CC Ch.76 & FIOS Ch.42: Wed & Fri: 6 pm
- MONTGOMERY COUNTY CC/RCN/FIOS Ch.21: Tue 2 pm

MASSACHUSETTS

- BROOKLINE CV & RCN Ch.3: Mon 3:30 pm; Tue 3:30 am; Wed 9 am & 9 pm;
- CAMBRIDGE CC Ch.10: Tue 2:30 pm; Fri 10:30 am
- FRANKLIN COUNTY (NE) CC Ch.17: Sun 8 pm; Wed 9 pm; Sat 4 pm
- QUINCY CC Ch.8: Pop-ins.
- WALPOLE CC Ch.8: Tue 1 pm

MICHIGAN

- BYRON CENTER CC Ch.25: Mon 2 & 7 pm
- DETROIT CC Ch.68: Irregular
- GRAND RAPIDS CC Ch.25: Irreg.
- KALAMAZOO CH Ch.20: Tue 11 pm; Sat 10 am
- KENT COUNTY (North) CH Ch.22: Wed 3:30 & 11 pm
- KENT COUNTY (South) CC Ch.25: Wed 9:30 am
- LAKE ORION CC Ch.10: Mon/Tue 2 & 9 pm
- LANSING CC Ch.16: Fri Noon
- LIVONIA BH Ch.12: Thu 3 pm
- MT. PLEASANT CH Ch.3: Tue 5:30 pm; Wed 7 am
- SHELBY TOWNSHIP CC Ch.20 & WOW Ch.18: Mon/Wed 6:30 pm
- WAYNE COUNTY CC Ch.16/18: Mon 6-8 pm

MINNESOTA

- ALBANY AMTC Ch.13: Tue & Thu: 7:30 pm
- CAMBRIDGE US Ch.10: Wed 6 pm
- COLD SPRING US Ch. 10: Wed 6 pm
- COLUMBIA HEIGHTS CC Ch.15: Tue 9 pm
- DULUTH CH Ch.20: Mon 9 pm; Wed 12 pm, Fri 1 pm
- MARSHALL Prairie Wave & CH Ch.35/8: Sat. 9 am
- MINNEAPOLIS TW Ch.16: Tue 11 pm
- MINNEAPOLIS (N. Burbs) CC Ch.15: Thu 3 & 9 pm
- NEW ULM TW Ch. 14: Fri 5 pm
- PROCTOR MC Ch. 12: Tue 5 pm to 1 am
- ST. CLOUD CH Ch.12: Mon 6 pm
- ST. CROIX VALLEY CC Ch.14: Thu 1 & 7 pm; Fri 9 am
- ST. LOUIS PARK CC Ch.15: Sat/Sun Midnite, 8 am, 4 pm
- ST. PAUL CC Ch.15: Wed 9:30 pm
- ST. PAUL (S&W Burbs) CC Ch.15: Wed 10:30 am; Fri 7:30 pm
- SAULK CENTRE SCTV Ch.19: Sat 5 pm
- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

- WASHINGTON COUNTY (South) CC Ch.14: Thu 8 pm

NEVADA

- BOULDER CITY CH Ch.2: 2x/day: am & pm
- WASHOE COUNTY CH Ch.16: Thu 9 pm

NEW HAMPSHIRE

- CHESTERFIELD CC Ch.8: Wed 8 pm
- MANCHESTER CC Ch.23: Thu 4:30 pm

NEW JERSEY

- BERGEN CTY TW Ch.572: Mon & Thu 11 am; Wed & Fri 10:30 pm
- MERCER COUNTY CC Trenton Ch.26: 3rd & 4th Fri 6 pm Windsors Ch.27: Mon 5:30 pm
- MONTVALE/MAHWAH CV Ch.76: Mon 5 pm
- PISCATAWAY CV Ch.15: Thu 11:30 pm
- UNION CC Ch.26: Irregular

NEW MEXICO

- BERNALILLO COUNTY CC Ch.27: Tue 2 pm
- LOS ALAMOS CC Ch.8: Wed 10 pm
- SANTA FE CC Ch.16: Thu 9 pm; Sat 6:30 pm
- SILVER CITY CC Ch.17: Wed 8-10 pm
- TAOS CC Ch.2: Thu 7 pm

NEW YORK

- ALBANY TW Ch.18: Wed 5 pm.
- BETHLEHEM TW Ch.18: Thu 9:30 pm
- BRONX CV Ch.70: Wed 7:30 am
- BROOKLYN CV Ch.68: Mon 10 am TW Ch.35: Mon 10 am RCN Ch.83: Mon 10 am FIOS Ch.43: Mon 10 am
- BUFFALO TW Ch.20: Wed & Fri 10:30-11pm
- CHEMUNG/STUEBEN TW Ch.1/99: Tue 7:30 pm
- ERIE COUNTY TW Ch.20: Thu 10:35 pm
- IRONDEQUOIT TW Ch.15: Mon/Thu 7 pm
- JEFFERSON/LEWIS COUNTIES TW Ch.99: Irregular
- MANHATTAN TW & RCN Ch.57/85 Fri 2:30 am
- ONEIDA COUNTY TW Ch.99: Thu 8 or 9 pm
- PENFIELD TW Ch.15: Irregular
- QUEENS TW Ch.56: 4th Sat 2 pm RCN Ch.85: 4th Sat 2 pm
- QUEENSBURY TW Ch.71: Mon 7 pm
- ROCHESTER TW Ch.15: Sun 9 pm; Thu 8 pm
- ROCKLAND CV Ch.76: Tue 5 pm
- SCHENECTADY TW Ch.16: Fri 1 pm; Sat 1:30 am
- STATEN ISLAND TW Ch.35: Mon & Thu Midnite. TW Ch.34: Sat 8 am
- TOMPKINS COUNTY TW Ch.13: Sun 12:30 pm; Sat 6 pm

- TRI-LAKES TW Ch.2: Sun 7 am, 1 pm, 8 pm
- WEBSTER TW Ch.12: Wed 9 pm
- WEST SENECA TW Ch.20: Thu 10:35 pm

NORTH CAROLINA

- HICKORY CH Ch.6: Tue 10 pm
- MECKLENBURG COUNTY TW Ch.22: Sat/Sun 11 pm

OHIO

- AMHERST TW Ch.95: 3X Daily
- CUYAHOGA COUNTY TW Ch.21: Wed 3:30 pm
- OBERLIN Cable Co-Op Ch.9: Thu 8 pm

OKLAHOMA

- NORMAN CX Ch.20: Wed 9 pm

PENNSYLVANIA

- PITTSBURGH CC Ch.21: Thu 6 am

RHODE ISLAND

- BRISTOL, BARRINGTON, WARREN Full Channel Ch.49: Tue: 10 am
- EAST PROVIDENCE CX Ch.18; FIOS Ch.25: Tue: 6 pm
- STATEWIDE RI INTERCONNECT CX Ch.13; FIOS Ch.32 Tue 10 am

TEXAS

- HOUSTON CC Ch.17 & TV Max Ch.95: Wed 5:30 pm; Sat 9 am
- KINGWOOD CB Ch.98: Wed 5:30 pm; Sat 9 am

VERMONT

- BRATTLEBORO CC Ch.8: Mon 6 pm, Tue 4:30 pm, Wed 8 pm
- GREATER FALLS CC Ch.10: Mon/Wed/Fri 1 pm
- MONTPELIER CC Ch.15: Tue 10 pm; Wed 3 am & 4 pm

VIRGINIA

- ALBEMARLE COUNTY CC Ch.13: Sun 4 am; Fri 3 pm
- ARLINGTON CC Ch.69 & FIOS Ch.38: Tue 9 am
- CHESTERFIELD COUNTY CC Ch.17; FIOS Ch.28: Mon 1 pm
- FAIRFAX CX & FIOS Ch.10: 1st & 2nd Wed 1 pm; Sun 4 am. FIOS Ch.41: Wed 6 pm
- LOUDOUN COUNTY CC Ch.98 & FIOS Ch.41: Wed 6 pm
- ROANOKE COUNTY CX Ch.78: Tue 7 pm; Thu 2 pm

WASHINGTON

- KING COUNTY CC Ch.77: Mon 11 am, Wed 7 am BS Ch.23: Mon 11 am, Wed 7 am
- TRI CITIES CH Ch.13/99: Mon 7 pm; Thu 9 pm

WISCONSIN

- MARATHON CH Ch.10: Thu 9:30 pm; Fri 12 Noon
- MUSKEGO TW Ch.14: Sat 4 pm; Sun 7 am

WYOMING

- GILLETTE BR Ch.31: Tue 7

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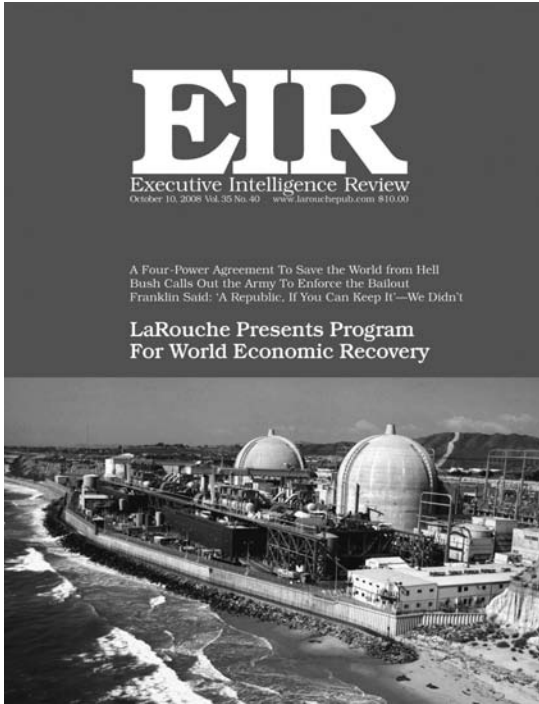
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