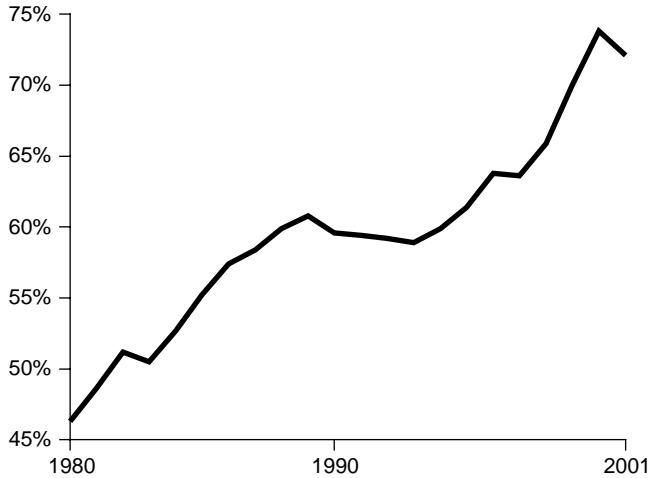


FIGURE 7

U.S. Debt Service as a Percent of U.S. GDP



Sources: U.S. Federal Reserve Board of Governors, "Flow of Funds Accounts"; Office of Management and Budget, "Budget of the United States"; Mortgage Bankers Association; Thomson Financial Services; *EIR*.

How Can It Be Paid?

This presents a paradox. How does the United States pay \$7.36 trillion in debt service annually? The Wall Street financiers can, and do, take measures to collect the debt service through extraction: They loot the population through fierce austerity; they do not replace run-down plant and equipment, etc. This is destroying the underlying physical economy upon which life depends, and ends up in fascist looting. But it will not produce \$7.36 trillion per year.

In addition, there are measures to roll over a significant portion of the debt service, through re-financing it with new debt and other similar mechanisms. Some of the new U.S. Federal debt will be directly monetized: that is, new monetary emissions will be issued against it; but ultimately, just as in Weimar Germany, there will be a large increase in money supply to facilitate the debt financing.

However, the annual increase in the debt and debt service is so huge, that this process cannot be continued in a fixed mode. LaRouche has forcefully characterized the process in his discussion of the "Typical Collapse Function" ("Triple Curve"), and its transformation during a breakdown crisis (see Lyndon H. LaRouche, Jr., "Regional Organization Under a New Bretton Woods," *EIR*, June 9, 2000). Every attempt to hold up the values of the financial aggregates, which are the mass of debts, derivatives, and other financial paper which constitute the upper curve of the "Triple Curve" function, crosses a boundary condition, and produces a hyperinflationary shock front that gathers force. In turn, it will rip apart the world monetary system, more surely than the Weimar hyperinflation ripped apart the German monetary system in 1923.

Food Shortfalls Leave 800 Million Hungry

by Rosa Tennenbaum

The World Food Summit of the Food and Agricultural Organization (FAO) of the United Nations, which occurred at the beginning of June in Rome, was supposed to assemble the world's heads of state, to inaugurate the struggle against hunger with common efforts. The industrial nations made this demand impossible from the beginning, since they de facto boycotted the summit. Only Italy and Spain were represented by their heads of state; all other nations merely delegated second-level officials to Rome. Great Britain sent none of its cabinet ministers, but a mere government civil servant.

Eight hundred million people are exposed to continuous hunger; every four seconds, a person dies from hunger, because the most elementary thing which a human needs for bare existence—food—is withheld, according to the complaint of FAO General Director Jacques Diouf at the Rome meeting. As recently as 1996, the governments of the world committed themselves, at the World Hunger Summit, to do everything possible to cut the number of hungry people in half by the year 2015. Since then, however, assistance to the developing sector has been sharply *decreased*, to say nothing of initiatives which are aimed at development; technology transfer, for example.

Hunger and Poverty Have Increased

"The promises that were made in 1996 have not been kept," charged Diouf. "Worse yet, no actions followed the speeches." There is a lack of human solidarity with the poor; the political will to relieve the suffering is lacking. Support for development of agriculture in the developing sector has been drastically reduced. Between 1990 and 2000, both assistance for the development of agriculture from industrial nations, and credits from the international financial institutions, were cut by about 50%.

Yet agriculture is the basis for life for 70% of the world's poor. Hunger reduces the economic growth of a nation by about 1% a year, through lower productivity and nutritional diseases, Diouf estimated for the participants. He challenged the nations to support the "Anti-Hunger Program" which the FAO had prepared.

In order to decrease the number of those hungry, from 800 million to 400 million by the year 2015, an additional \$24 billion a year would have to be invested in the developing sector. The industrial nations and the international financial institutions were called on at Rome to supply half of this

amount, which is merely equivalent to the level of their aid in 1990. The developing nations were supposed to contribute the other half, increasing their budgets for rural areas about 20%.

The industrial nations met this call with chilly silence—some even with furious attacks: The developing nations are themselves responsible for their suffering, it was claimed; first and foremost, they should have ensured “good government”; and they were ordered not to take part in wars and civil wars. Thus, Poul Nielson, the European Union Commissioner for Development Assistance, called it “senseless, to throw huge amounts of money after the hunger problem.” Together with British Development Minister Clare Short, he threw in Diouf’s face, the charge that the FAO only wanted to posture with this summit, and called it a “pure waste of time.”

Appeal to ‘A Market of 800 Million People’

“In a world of abundance, the end of hunger is in reach,” urged United Nations Secretary General Kofi Annan. “To fail to meet this goal, ought to fill each of us with shame. The time for promises is gone.” He appealed to the industrial nations—to no avail, as the “abundance” Annan wishes to see is nowhere to be found among them.

The industrial nations were in the trial dock in Rome, and they responded with counterattacks: The FAO, under Diouf, had more and more meddled in things, that were none of its concern; it should not be the FAO’s business, to interfere in questions of development; these should be in the jurisdiction of the World Bank and other international organizations. Diouf rejoined that it still would be directly in the interest of the Group of 8 nations themselves, to fight hunger. After all, 800 million hungry people would be an enormous market.

So it is. And when one considers fully, that about two-thirds of mankind, after all, are undersupplied with all the goods necessary for existence, the dimension of stupidity of these governments becomes clear. An example from the domain of agriculture should make that obvious: Only one-third of humanity is well-nourished. Every second person is classified by the FAO in the category “sufficiently nourished”; that is, they are able to obtain for themselves exactly enough calories to be able to perform normal work; however, they are malnourished, because the nutritional quality of those calories is so poor. Every seventh person is hungry.

To merely be able to raise these more than 800 million citizens of the world to the level of “sufficiently nourished,” we need to produce an additional 350 million tons of grain every year. If we allow absolutely all 6.2 billion human beings who today inhabit the Earth, to be able to nourish themselves well and with variety, as has been self-evident for us, we require 4.96 billion tons of grain. However, the world agricultural economy in the past year has harvested only 1.86 billion tons (and consumed 1.913 billion tons in the same time period). Thus, world agriculture would have to immediately increase its harvest output around 2.5 times.

Analogously, this applies to all other areas of the economy.

Gigantic tasks await nations which would take this offensive, which would lead the world economy into a new, sustained, actual economic wonder. But wouldn’t it mean subsidizing? Not at all. The developing nations are poor because they are underdeveloped. At the moment when investment goes into the development of their natural resources, that suddenly changes.

To stick with the example of agriculture: We do not find the highest-yielding soils in the industrial nations, but rather in the tropical nations, where 45% of the high-yield soils are, while the industrial nations control just over 17%. Here a gigantic potential lies fallow, which would be relatively easy to develop and which must be developed, if hunger is to disappear from the Earth. If farmers everywhere in the world were able to cultivate their land, and breed and maintain their livestock, with the technical standard of an American or a European farmer, then the Earth could feed 50 million people. The struggle against world hunger requires no biotechnology, no apportionment measures and no ominous efforts. One merely needs the political will to do it.

Demise of Maastricht Is on the Horizon

by Rainer Apel

At least in election years, governments cannot avoid paying some attention to what the voters think, and this is what is happening in France, Germany, and Italy, the three leading economies of continental Europe. France and Italy just recently had elections; Germany will have them in September. What these governments, and the others in Europe, are faced with, is growing, massive discontent of their populations with the catastrophic turn economies and living standards have taken in recent months—contrary to government propaganda about “upswings” and other pies in the sky.

The dense pattern of labor protests and strikes so far in 2002, points to the depth of the discontent, the more so because labor unions have been relatively moderate in the last few years, showing loyalty to the budget cuts imposed by their governments.

In Italy, labor protests were first to make the voice of the population heard, and a preliminary peak of protests was reached with a one-day general strike on April 16. Since then, not only Italy, but also other European countries, have seen repeated labor strikes in one sector after another. As of June, waves of strikes were occurring at the same time in several countries at once.

During the last two weeks of June alone:

- In Germany, the first nationwide strike of construction workers in 50 years escalated with temporary road blockades