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The Historic Opportunity of 2011!
We're Paying for the Bailouts with Human Lives
Firsthand Report: 'Keep Rice-ism' Out of Sudan

The Angelides Report: The Moral Test



MORE THAN 30 YEARS OF DEREGULATION AND RELIANCE ON SELF-REGULATION BY FINANCIAL INSTITUTIONS, CHAMPIONED BY FORMER FEDERAL RESERVE CHAIRMAN ALAN GREENSPAN AND OTHERS, SUPPORTED BY SUCCESSIVE ADMINISTRATIONS AND CONGRESSES AND ACTIVELY PUSHED BY THE POWERFUL FINANCIAL INDUSTRY AT EVERY TURN, HAD STRIPPED AWAY KEY SAFEGUARDS, WHICH COULD HAVE HELPED AVOID CATASTROPHE..

FCIC REPORT - PREFACE

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EIR

From the Managing Editor

“It’s the week that was,” Lyndon LaRouche declared on Feb. 12, and I think you will find that the dramatic changes that have characterized the past couple of weeks are reflected this week’s *EIR*. From the Earth-shaking events in Egypt and the larger Maghreb/Middle East region, to the release, in the United States, of the Angelides Report, an historic opportunity has opened up. It now becomes possible to defeat the British monetarist imperium, and begin the process of rebuilding the world economy.

Our *Cover Feature* is a review of the LaRouchePAC video on the Financial Crisis Inquiry Commission report: “The Angelides Report, A Moral Test.” In a follow-up to last week’s coverage, showing the convergence of the Report’s conclusions, with LaRouche’s four-decade-long economic forecasting record, the LPAC video demonstrates that the 2007-08 near-meltdown of the financial system, and the subsequent bailouts, were predictable, and could have been avoided—had LaRouche’s proposals been adopted.

In “The Historic Opportunity of 2011!” (*International*), Helga Zepp-LaRouche compares the events in Egypt, in which the people are freeing themselves from a hated dictatorship, to the 1989 Fall of the Berlin Wall. She notes that the release of the Angelides Report, combined with the findings of the Independent Evaluation Office, that the IMF’s policies have been riddled with incompetent judgments, whose deadly results, can be seen in the growing immiseration of billions of the world’s people, lead to a singular conclusion: namely, that the urgency, and the opportunity, have arrived, to reinstate a Glass-Steagall, two-tier credit system—this time, on a global scale.

In her keynote address to the BüSo Party Congress in Berlin (*Strategic Studies*), titled, “We Are Paying for Bank Bailouts with Human Lives,” Zepp-LaRouche reinforces this idea, adding that the world economy is now “at the brink of a hyperinflation,” which unlike that of 1923 Weimar, threatens the entire planet.

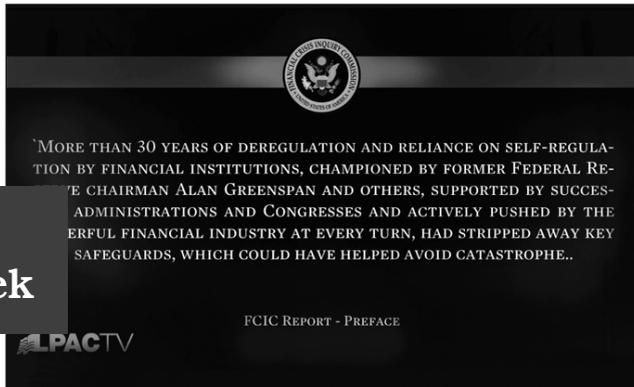
From the LaRouche Basement team, we bring you two appendices to the “The Extended Sensorium” (*EIR*, Feb. 2): “A Touching Subject,” and “The Ironies of Smell” (*Science*).

LaRouche will address his next international webcast on March 10. As he stated this week: “The world has reversed. What will come next is up to us, because the opportunity is presented.”



Cover This Week

The Angelides Report: "I think we overdid finance versus the real economy...."



LPAC-TV

4 The Angelides Report: The Moral Test

Following the report in last week's *EIR*, showing how the conclusions of the Angelides Report dovetailed precisely with 40 years of Lyndon LaRouche's economic forecasting record, this analysis has now been elaborated, by LaRouchePAC-TV, in a half-hour video, whose content we present this week.

Despite the fact that the White House has attempted to cover up the Financial Crisis Inquiry Commission Report, it is currently enjoying brisk sales around the country, reflecting two things: one, that the report, the reflections of an official government inquiry commission, contains facts and draws conclusions that President Obama wants to suppress, but, at the same time, cannot ignore. And, secondly, a conclusion that Angelides drew himself in a recent interview, is that the American people are still searching for the truth, as to why their lives have been turned upside down in the past two years since the bailout was forced upon the country.

International

14 Angelides Report Becoming Worldwide Best-Seller: The Historic Opportunity of 2011!

In a statement released on Feb. 11, Helga Zepp-LaRouche wrote: "An unprecedented drama is currently unfolding on the world stage: The Egyptian people are freeing themselves from a dictatorship, in a process comparable to the fall of the Wall in Germany in 1989. The global financial system's situation resembles a minefield, where the tiniest false step can detonate a chain reaction...."

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A firsthand report from Lawrence K. Freeman, who visited Sudan, following the referendum which established a separate nation of South Sudan.

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Economics

31 Glass-Steagall or Die: Budget Cuts Are Dismantling America's Cities and States

Faced with a devastated revenue base, with no prospect of significant improvement, cities and states are currently slashing fundamental services upon which urban life depends. But, there is an alternative: Constitutional *Federal* action to free the nation's banking system of illegitimate gambling debts, by reimposing Glass-Steagall.

35 Scandalous Incompetence: The IMF Board Must Resign!

Science

36 'Extended Sensorium' Appendices

The Feb. 4 issue of *EIR* featured a report by Lyndon LaRouche's "Basement" research team: "The Extended Sensorium," which covered a number of paradoxes regarding the division of the so-called "five senses." Here, we publish two follow-up articles by Jason Ross on the ironies of the senses of touch and smell.

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40 The Ironies of Smell

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43 Büro Party Congress in Berlin: We Are Paying for Bank Bailouts with Human Lives

At the Berlin state convention of the Civil Rights Solidarity Movement Solidarity (BüSo) on Jan. 29, party chairwoman Helga Zepp-LaRouche gave the keynote address, in which she outlined a national campaign, to save Germany, and civilization, from the unprecedented worldwide crisis. Although small, she said, the BüSo is the only force in Germany with the ideas that can save the country.

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The Angelides Report: The Moral Test

In our last issue (EIR, Feb. 11, 2011), we presented the major findings of the Financial Crisis Inquiry Commission (FCIC; also known as the Angelides Commission), with emphasis on how its truthful analysis cohered with both the record of leading economic forecaster Lyndon LaRouche, and the trails of disaster which the adoption of British monetarism by the U.S. economy has brought on the nation.

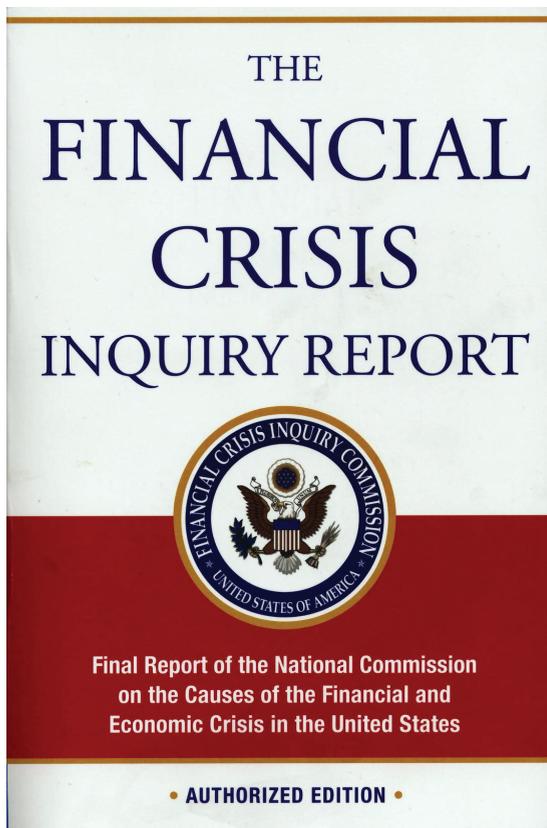
Since then, our analysis has been enhanced and amplified in audio-visual form by LaRouchePAC-TV, in a half-hour video presentation, titled “FCIC Report: The Moral Test,” posted Feb. 10.¹ While the full power of that report is only evident in its video form, its content is of sufficient importance that we present the script here. Our intent is to spur you to not only see the video itself, but to spread it far and wide, especially in the crucial days ahead, when Philip Angelides himself will be testifying before the House Financial Services Committee (Feb. 16), and the movement for re-introduction of the Glass-Steagall Law grows into a roar.

[W]e do not accept the view that regulators lacked the power to protect the financial system. They had ample power in many arenas and they chose not to use it.... Too often, they lacked the political will—in a political and ideological environment that constrained it—as well as the fortitude to critically challenge the institutions and the entire system they were entrusted to oversee.

—Preface, FCIC Report

Despite the fact that the White House attempted to cover up the Angelides Financial Crisis Inquiry Commission Report, the American people have not been discouraged in their quest to get a copy. Phil Angelides re-

1. See <http://larouchepac.com/fcic-report-moral-test>



ported that the report is briskly selling from bookstores around the country. This reflects two things: one, that this report, as the reflection of an official government inquiry commission, contains facts and draws conclusions that President Obama doesn't want to get out, but at the same time can't ignore. And, secondly, a conclusion that Angelides drew himself in a recent interview, is that the American people are still searching for the truth, as to why their lives have been turned upside down in the past two years since the bailout was forced upon the country.

Lyndon LaRouche has clearly stated that this report is now the moral test for the nation. In this presentation, we will explore some of the critical points that the FCIC report makes about the causes of the collapse and the unnecessary bailout, as intentional policies which originated in the 1970s, compared to what LaRouche said on the record at those moments in history.

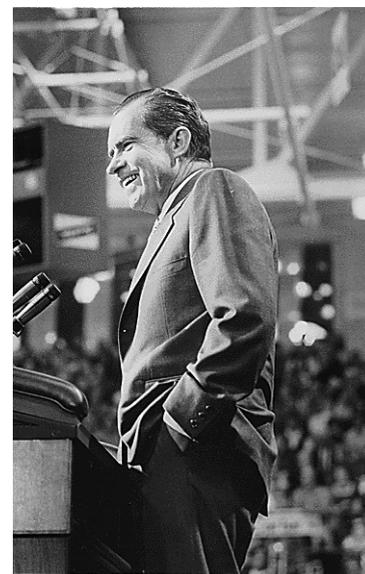
The conclusions drawn by this Federal commission, demonstrate that the responsibility for the collapse lies with individuals who were in the American government, but not acting for the interest of the American people. This trail of treachery leads directly to the White

House today—and the current occupants. We think that you will appreciate this, unless, of course, you are Mr. Obama.

* * *

The commission's report begins in the 1970s, but we will start a little earlier, in 1961. In an economic forecast at the time, LaRouche warned that there would be "a series of major monetary disturbances, leading toward a collapse of the Bretton Woods agreements, which Franklin Roosevelt signed [to organize the post-World War II development of the world], resulting in increased looting of developing-sector nations, and austerity measures modelled upon those of fascists regimes."

Later, in 1969, in a pamphlet printed and distributed in the United States, LaRouche stated that, under this trajectory, profit will be made "by a general assault on the incomes of farmers and the real earnings of working people." He also called for this activity to end, and for re-investment into the productive labor force.



Richard Nixon library

President Richard Nixon

On Aug. 15, 1971, when President Richard Nixon announced the removal of the U.S. dollar from the gold-reserve-exchange standard. The President's action allowed for floating currencies, not backed by anything, to pave the way for speculation in the currency markets, and the end of stability in long-term international investments and trade.

The floating of the dollar set the stage for the unfurling of British monetary policy that would come to dominate the U.S. and world economy. Once the right to make money from money alone was established—the right to make money, divorced from any real value necessary for human progress was tolerated—it was a slippery slope into the financial panic and collapse in which we are now sinking.

Shadow Banking

The FCIC report refers to the apparatus that was developed, based on this supposed inherent right of money, as “shadow banking.”

As the report details, the “shadow banking” operation began with the growing role of Wall Street money market mutual funds in the 1970s, which created an unnecessary pressure on legitimate banks to compete for depositors’ money. These Wall Street non-banks, as they were not bound by a cap on interest rates set by the Federal Re-



Wall Street’s Charging Bull

creative commons/Seth W.

serve, could offer investors a higher rate of return.

The drawback for investors was that these funds were not protected by the Federal Deposit Insurance Corporation (FDIC). So, investors could choose between depositing their money into legitimate commercial or savings and loan banks, that were insured by the Federal government, or into a Wall Street institution which could offer a higher yield, but at a higher risk.

To compete with legitimate banks, the money market funds developed two markets: “commercial paper,” which was an investment backed by the promise of a corporation to pay, and the “repo” market, which was based on the ability of Wall Street securities dealers to sell and repurchase U.S. Treasury bonds. As the FCIC report explains, “commercial paper, and repos were renewed, or ‘rolled over,’ frequently. For that reason, both forms of borrowing could be considered ‘hot money’—because lenders could quickly move in and out of these investments in search of the highest returns, they could be a risky source of funding.”

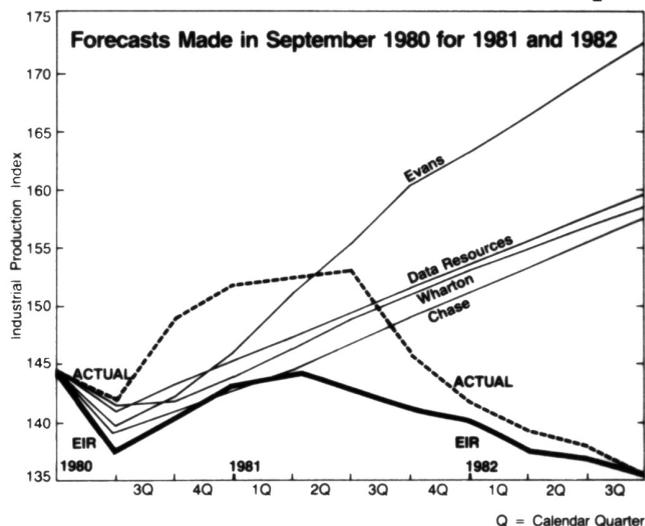


Penn Central freight train

creative commons

And risky they were. Several high-profile defaults occurred in these markets in this period. In 1970, Penn Central Transportation Company defaulted on \$200 million worth of commercial paper, and later, in 1982, the securities firms Drysdale and Lombard-Wall, defaulted on major repo obligations. In both cases, the Federal Reserve jumped in to provide a bailout, setting major precedents for the Fed providing protection to illegitimate shadow banking. These risky investment

How EIR Predicted the Volcker Collapse



From EIR’s 1987 pamphlet, “How To Survive the World’s Biggest Stock Market Crash.”

houses were given legitimacy by the Fed, and their right to exist and compete with real banks was established.

On Oct. 16, 1979, LaRouche forecast that [Fed chairman Paul] Volcker would “cause a 15% recession in the

U.S. economy, probably putting the United States into a recession twice as severe as that of 1974.”

Under this monetary policy, the competition between commercial banks and shadow banks continued, and the real banks went to Congress to complain. Instead of clamping down on the non-banks, Congress delivered more deregulation, allowing commercial banks higher interest rates on their loans. This provision, passed under the Depository Institutions Deregulation and Monetary Control Act of 1980, overthrew a key element of Glass-Steagall, and began the process of erosion of the Act itself.

The Glass-Steagall Act, otherwise known as the



FDR signs the Glass-Steagall Act on June 16, 1933.

Banking Act of 1933, established banking regulations to prevent another crisis like that which had led to the Great Depression. It established the FDIC, which guaranteed banking deposits up to a certain limit, thereby preventing “runs” on banks. It also created a firewall between Wall Street investment firms on one side, and commercial banks and savings and loans, on the other.

Later that year, LaRouche proposed the “Federal Reserve Reform Act,” where he called for a shift away from the money-market operations, and for the government to begin issuing credit for the productive economy. He simultaneously denounced the further deregulation of the banking system, demanding the end to usury.

But the takedown of regulations continued. Treasury Secretary Donald Regan said, in April 1981: “We

must place greater reliance on market forces to determine the character and structure of our financial system... At some point, all institutions must have the same power to perform the same types of business.”

Legitimate banks, which were not helped by their interest rate cap being removed, continued to suffer, and in 1982, the Garn-St. Germain Act was passed. This was a further erosion of the Glass-Steagall Act, expanding the types of loans that thrifts and banks could make, specifically in the mortgage market.

Under Glass-Steagall, banks and thrifts were only allowed to issue 30-year fixed-rate mortgages. Garn-St. Germain removed that limitation, allowing them to issue interest-only, balloon-payment, and adjustable-rate mortgages.

This paved the way for the S&L crisis, in which



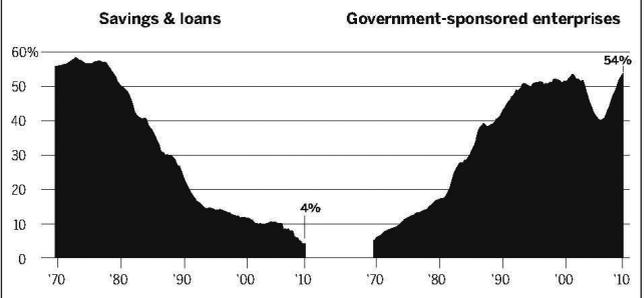
EIRNS/Stuart Lewis

Treasury Secretary Don Regan

Funding for Mortgages

The sources of funds for mortgages changed over the decades.

IN PERCENT, BY SOURCE

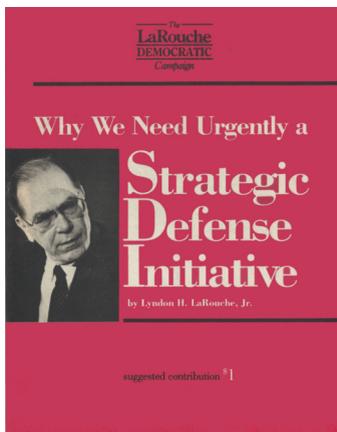


From the Financial Crisis Inquiry Commission Report, p. 69.

almost 3,000 commercial banks and thrifts went bankrupt; more than 1,000 executives were convicted of felonies; and \$160 billion was lost. In light of this crisis, some restrictions were put on banks and thrifts while Fannie Mae and Freddie Mac were given much more power. We would see the effect of this power later, in the 2007 subprime mortgage housing crisis.

During the period from 1977 to 1983, LaRouche en-

gaged scientists, military leaders, and government officials, from the Soviet Union, Europe, and the United States, around a proposal to break away from the controlling dynamic of the British monetarism that had infected the U.S. The agreement among all these patriots of their nations, was to throw away the “Iron Curtain” that had been erected by the British Empire’s Winston Churchill, after the Second World War. This would only be accomplished through collaboration around a higher principle of nation-building—science and technology—which would benefit all nations involved, especially, the doomed Soviet Union. The orientation to technology, and progress, would also serve to break the imperial of looting policy that the United States was engaged in.



LaRouche’s Presidential campaign issued this pamphlet in 1983.

This discussion culminated in 1983, when President Ronald Reagan announced, in a nationally televised speech, as an offer of collaboration with the Soviet Union, the Strategic Defense Initiative. This offer was rejected by British agents Yuri Andropov, and Mikhail Gorbachov, thus leaving the door open for the policy of British monetarism and deregulation of markets to continue at a rate that was previously unparalleled in world history.

During the next few years, LaRouche and his associates were prosecuted, illegally and unjustly, to remove them from any influential policy-making circles. At the same time, Alan Greenspan was brought in as the Federal Reserve chairman in 1987, to ensure what path would be taken by the United States government.

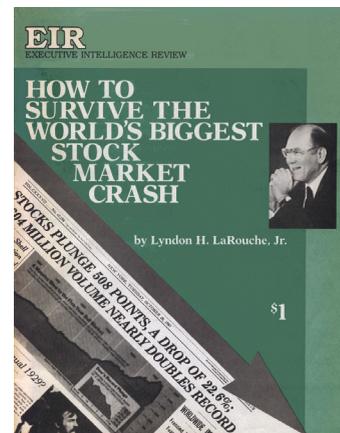
We conclude widespread failures in financial regulation and supervision proved devastating to the stability of the nation’s financial markets.

—*Preface, FCIC Report*

On May 26, 1987 LaRouche made his first, and only, short-term forecast of what would be the largest crash of the stock market since the October 1929 Crash, later that year, on Oct. 19. He called for gov-

ernment intervention.

“Whether the great financial crash of 1987 erupts by October or later, will depend upon what leading governments do at the international monetary ‘summit’ held in Venice on June 12.... Technically, on any day that the U.S. government came to its senses, this crisis could be brought under control. The



LaRouche’s response to the 1987 crash.

crash of 1987 is not inevitable. However, unless the governments come to their senses, it is inevitable....”

In 1991, The Treasury Department issued a study calling for repeal of Glass-Steagall, to make U.S. banks “more competitive.”

This period was dominated by the philosophy of Greenspan, who argued that the government did not really need to impose regulation. In testimony before the House Banking Committee, Nov. 22, 1987, Greenspan said:

“It is essential that the Congress put in place a new,



Fed Chairman Alan Greenspan, testifying in Congress.

more flexible framework. Recently a great deal of attention has been focused, properly, we think, on revising the laws that govern our financial structure. The aim of these proposals is to permit the affiliation of a broader variety of financial and commercial organizations with banks, while attempting to assure that affiliated banks

are not adversely affected by this relationship.

“Our own analysis of the broader proposals leads us to the conclusion that there have been many positive elements that deserve continued attention, but that it would be appropriate at this time to concentrate attention on the specific suggestion to repeal the Glass-Steagall Act.

“It is our view that this action would respond effectively to the marked changes that have taken place in the financial marketplace here and abroad, and would permit banks to operate in areas where they already have considerable experience and expertise.

“Moreover, repeal of Glass-Steagall would provide significant public benefits consistent with a manageable increase in risk. Accordingly, we would suggest that the attention of the Committee should focus on the Glass-Steagall Act, and we recommend that this law should be repealed insofar as it prevents bank holding companies from being affiliated with firms engaged in securities underwriting and dealing activities. A very persuasive case has been made for adoption of the repeal proposal.”

In 1974, Congress amended the 1936 Commodity Exchange Act to require that futures and options contracts be regulated. The regulatory body that was formed was called the Commodity Futures Trading Commission (CFTC). Outside of these regulations, an over-the-counter derivatives market grew throughout the 1980s. When it became clear that derivatives were a type of futures contract, and that they should also be regulated, derivatives dealers became nervous, and sought exemptions to oversight.

In 1993, a certain company which traded in energy futures would lobby the CFTC for an exemption. The CFTC, under the direction of chairman Wendy Gramm, wife of “Conservative Revolution” Sen. Phil Gramm, granted that exemption, and decreed that the CFTC would abandon the regulation of certain over-the-counter futures contracts. The decision reversed a 60-year-old policy of regulation of the commodity markets, and opened the door for a wave of illegal derivatives speculation. The aforementioned company was Enron, whose board Wendy Gramm would join after abandoning her post at the CFTC.

On Sept. 8, 1993, LaRouche *EIR* representative John Hoefle testified at two House Banking Committee hearings on derivatives: He titled his report, “Tax and Dry Out the Derivatives Market”:

“We are on the verge of the biggest financial blow-



EIRNS/Michael Maddi

Houston headquarters of the former corporate giant Enron.

out in centuries, bigger than the Great Depression, bigger than the South Sea bubble, bigger than the Tulip bubble. The derivatives bubble, in which Citicorp, Morgan, and the other big New York banks are unsalvageably overexposed, is about to pop. The currency warfare operations of the Fed, George Soros, and Citicorp have generated billions of dollars in profits, but have destroyed the financial system in the process. The fleas have killed the dog, and thus, they have killed themselves.



EIR's John Hoefle testifying in Congress.

“What is required, as *EIR* founder Lyndon LaRouche has repeatedly stated, is a restructuring of the U.S. banking system, including the nationalization of the Federal Reserve, taking it out of the hands of the bankers, and putting it back in the hands of the Congress as mandated by the Constitution. It is the welfare

of the people which is paramount, not the maintenance of the speculative financial system. It's high time we put the speculators out of business, instead of surrendering to them even further by passing NAFTA [North American Free Trade Act].

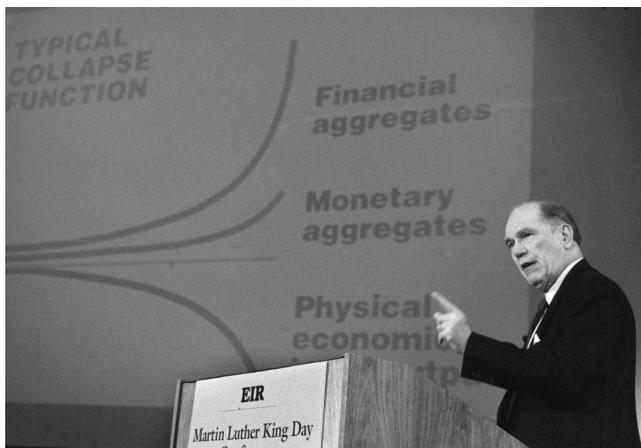
"That's the issue. We'd better deal with it, and fast, while we still have a chance.

"Thank you again, Mr. Chairman and members of the committee, for this opportunity to testify."

Ninth Forecast

In his June 24, 1994 paper entitled, "The Coming Disintegration of the Financial Markets," LaRouche forecast that the "collapse into disintegration is inevitable, because it could not be stopped now by anything but the politically improbable decision by leading governments to put the relevant financial and monetary institutions into bankruptcy reorganization."

In this paper, LaRouche elaborated that the economic category that is key for understanding the derivatives bubble is that of "fictitious capital." Fictitious capital can be compared to the supposed "value" that a slumlord creates by taking advantage of his impoverished tenants. While the actual value of the physical



EIRNS/Stuart Lewis

LaRouche introduces Triple Curve in January 1996.

property is diminishing, due to lack of maintenance by the slumlord, a profit on the rental contract is claimed by the market, which is extracted from the abused tenant.

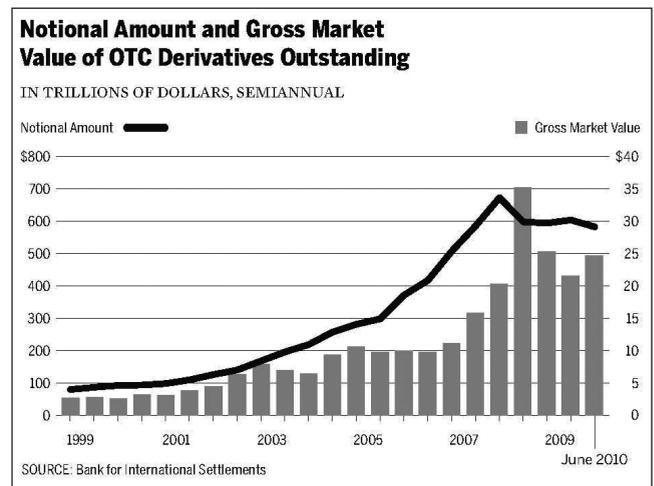
This same process was being applied to the entire economy. The population and the physical economy

were being looted to feed ever-expanding financial bubbles. The real economy was being asset-stripped to prolong the existence of the illegitimate "shadow banking" apparatus.

The following year, 1995, LaRouche crafted his idea of the "Triple Curve," as part of his participation in a Vatican conference, and then first presented the same figure in his keynote address to a conference in Germany, later that same year.

"Think of [this] relationship . . . as a decoupling of the monetary process, the monetary emission and circulation process, as a decoupling of that from production, the real economy. Think of this as a decoupling of the financial system from the monetary process. The speculators require a certain quantity of money coming into the system of speculation, in order to enable them to keep the bubble growing. . . . So this twofold process is a process of decoupling of the monetary and financial processes, from the real economic processes.

"The only relationship [the market] has to produc-



From the Financial Crisis Inquiry Commission Report, p. 299.

tion, in effect, is to loot it. . . . That's your inflationary relationship. The characteristic of this system is the rate of increase, first of all, in the first approximation, here, the hyperbolic growth, of financial aggregates to monetary aggregates. Being hyperbolic means that the obligations which are generated by financial turnover, are increasing more rapidly, at hyperbolic rates of increase, than the means of paying these obligations."

In February 1997, LaRouche called for convening a

“New Bretton Woods” conference, to devise sound financial and monetary measures for restoring national economies around the world, including a return to fixed exchange rates for currencies. He called for eliminating the International Monetary Fund, and for launching development-serving infrastructure projects.

Derivatives holdings of U.S commercial banks had risen to \$25.7 trillion, 62 times their equity capital. By this time, commercial banks were allowed to speculate with 25% of their assets—another step in the takedown of Glass-Steagall.

Then in April 1998, in flagrant violation of the prohibition of the merger of banks and insurance companies under Glass-Steagall, the insurance giant Travelers Group announced its purchase of Citicorp, the nation’s largest bank holding company. The merger was also illegal under the Bank Holding Company Act of 1956. Rather than enforce the law, regulators immediately promised to rewrite it, to legalize the deal.

In May of 1998, CFTC chairwoman Brooksley Born called for stricter regulations on the OTC derivatives market. Instead of granting her request, Greenspan, Treasury Secretary Robert Rubin, and SEC Chairman Arthur Levitt issued a joint statement which proposed a moratorium on the CFTC’s ability to regulate OTC derivatives at all.

Despite the subsequent catastrophic near-bankruptcy of the giant hedge fund LTCM, which had accumulated more than a trillion dollars in derivatives, with a mere \$4.8 billion in capital to show for it—a bankruptcy which would have had systemic effects

had LTCM not been bailed out—the Congress passed the moratorium on derivatives regulation by the CFTC.

In November 1999, the Gramm-Leach-Bliley Act was passed by Congress, which overturned almost all of the remaining provisions of Glass-Steagall. Citigroup CEO Sandy Weill hung a 4-foot wooden etched plaque in his office with his portrait and the caption, “Shatterer of Glass-Steagall.”



creative commons/David Shankbone
Former Citibank head
Sanford Weill in 2009.

Financial Sector Growth

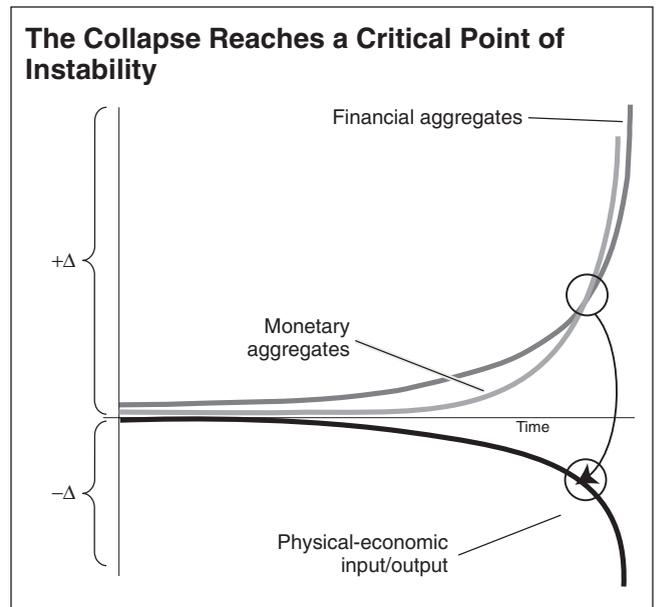
I think we overdid finance versus the real economy....

—Chapter 2, FCIC Report

While campaigning for a New Bretton Woods, LaRouche, in 2000, updated his Triple Curve function, noting that the money-printing of the Federal Reserve was creating a hyperinflationary process. This had been carried out as the real economy was being destroyed.

And, he warned in 2003, that: “What Alan Greenspan is doing right now, he’s got a hyperinflationary drop of the discount rate. This hyperinflation is a trap, to lure suckers into financial markets, for one last go. Soon, one of these bubbles, or more of these bubbles, will blow out. Credit derivatives bubbles, mortgage-based securities bubbles, similar kinds of bubbles will blow.”

LaRouche characterized the Commodity Futures



Modernization Act of 2000, which legalized OTC derivatives in the trillions, as the “Derivatives Decriminalization Act.” The trajectory which LaRouche first laid out in 1961, had come to fruition. It was during this period, that the last vestiges of the physical economy were allowed to go bankrupt. The automobile sector, with tens of thousands of skilled laborers, and machine tools, was dismantled.

LaRouche intervened with the Emergency Recovery Act in 2005, calling for intervention by the government to save the industry. Instead, this sector of the economy was allowed to die, as the new housing bubble was promoted by Greenspan and Wall Street, as the way for the markets to ease out of the dot-com collapse.

“Mortgage markets have been a powerful stabilizing force over the past two years of economic distress by facilitating some of the equity that homeowners had built up,” Greenspan told Congress.

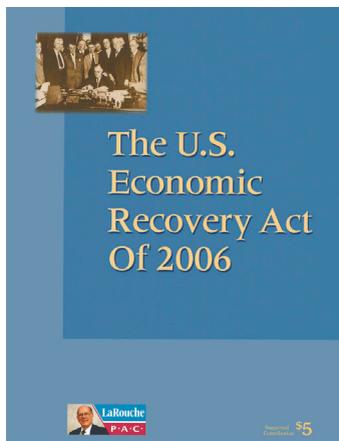
This led into the final phase, 2007, when the mortgage bubble popped. The subprime market had blown up. But, this was no subprime mortgage crisis; it was the culmination of this decades-long process. The old tricks of lowering interest rates, and pouring money into the markets would no longer keep the wheels of finance moving. There was nowhere else to turn.

LaRouche laid this out, along with the solution, in his webcast presentation on July 25, 2007. In 2007, when the bubbles were beginning to blow, LaRouche gave his now-famous forecast of that date:

“This occurs at a time when the world monetary financial system is actually now currently in the process of disintegrating. There’s nothing mysterious about this; I’ve talked about it for some time; it’s been in progress; it’s not abating. What’s listed as stock values and market values in the financial markets internationally is bunk! These are purely fictitious beliefs. There’s no truth to it; the fakery is enormous.

“There *is* no possibility of a non-collapse of the present financial system—none! It’s finished, *now!* The present financial system can not continue to exist *under any circumstances, under any Presidency, under any leadership, or any leadership of nations.*

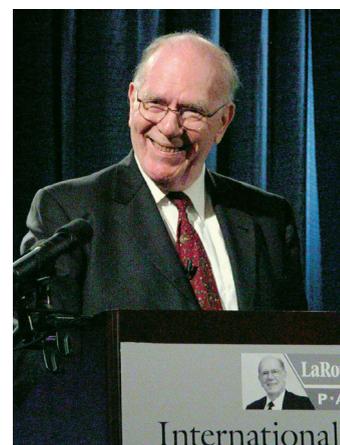
“Only a fundamental and *sudden change* in the world monetary financial system will prevent a general, immediate chain-reaction type of collapse. At what speed we don’t know, but it will go on, and it will be *unstoppable!* And the longer it goes on before coming



LaRouchePAC’s mass pamphlet outlining how government credit can restart industry.

to an end, the worse things will get. And there is no one in the present institutions of government who is competent to deal with this. The Congress—the Senate, the House of Representatives—is not currently competent to deal with this.”

Immediately thereafter, LaRouche proposed his Homeowners and Bank Protection Act (HBPA), which would apply the Glass-Steagall principle to the banks holding mortgages, and freeze all foreclosures. Despite support from more than 100 city councils and at least 6 state legislative bodies, Congress refused to act. The pressure was on to bail out the Wall Street debt. The biggest pusher in Congress was Rep. Barney Frank (D-Mass). He, together with Sen. Chris Dodd (D-Conn.), repeatedly forced the issue of the bailout, and opposed the HBPA, with his own Housing and Economic Recovery Act of 2008, which helped about 30 families avoid foreclosure, while bail-



EIRNS/Stuart Lewis
Lyndon LaRouche, at his July 25, 2007 webcast.

The LaRouche Political Action Committee (LPAC) announced a mass mobilization on Aug. 22, to get Congress, on return from recess after Labor Day, to enact the Homeowners and Bank Protection Act of 2007. This legislation, crafted by Lyndon LaRouche, is the only means, at this late date, for stopping millions of home foreclosures and evictions this year and next, and for launching a larger process of bankruptcy restructuring of the U.S. and global dollar-based financial system, which is now already doomed. Governors and state legislators all across the United States; will enthusiastically join in this effort, which some leading bankers and Democratic Party figures, briefed on LaRouche’s proposal, have already declared is “doable” and the “only salvation” for the American people.

3. State governors shall assume the administrative responsibilities for implementing the program, including the “rental” assessments to designated banks, under the authority of the Federal government, which will provide the necessary credits and guarantees to assure the successful transition.

By September-October, unless this legislation is enacted as a first order of business of the 110th Congress in September, many millions of Americans will be evicted from their homes, and the Federal and state chartered banks shall be protected, so they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, etc.

This draft proposal went out in the millions.

ing out Fannie Mae and Freddie Mac.

The choice was presented as, either a bailout, or the disintegration of our nation. This was all a lie, one more, on top of the last 40 years of lies. When the Congress went along with the bailouts, starting in 2008, La-

Rouche delivered a webcast, on Oct. 1, to present the only hope for recovery—drop the bailout, drop the bankers, and re-enact Franklin Roosevelt’s 1933 Glass-Steagall legislation or else the crisis would deepen and even become irreversible:

“The danger is, that a desperate Bush Administration, and what it’s tied to internationally, might try to make a military suppression of resistance to their policy now. They might try to use military force, to force through the kind of legislation, the bailout, which is being attempted now.

“The other side of this proposition, apart from other measures which I’ve indicated earlier, but will repeat again here today, the essential irony of this situation, is that this is no longer the kind of crisis which the lying government which we have, and the stupid President we have, have been talking about. This is not a mortgage crisis! This is a collapse, a disintegration of the entire international monetary-financial system! Something that has never happened in European experience before! And for which there’s no one competent in the White House, right now.

“We are on the verge of a *global hyperinflation* like that which hit in October 1923 in Weimar Germany. When you start talking about \$700 billion, then a trillion, then \$2 trillion, then \$3 trillion, then \$7 trillion for this bailout, which is the direction we’re going in, you’re talking about a Weimar-style blowout of the *entire international financial-monetary system!*

“And the problem now, is that the bailout method itself, is the *driving force of hyperinflation, global hyperinflation.*”

Obama’s State of the Union, Jan. 25, 2011

“We are poised for progress. Two years after the worst recession most of us have ever known, the stock market has come roaring back. Corporate profits are up. The economy is growing again. But we have never measured progress by these yardsticks alone. We measure progress by the success of our people. By the jobs they can find and the quality of life those jobs offer. By the prospects of a small business owner who dreams of turning a good idea into a thriving enterprise. By the opportunities for a better life that we pass on to our children.

“We did that in December. Thanks to the tax cuts we passed, Americans’ paychecks are a little bigger today. Every business can write off the full cost of new investments that they make this year.”



White House/Pete Souza

President Obama at his 2011 State of the Union.

Moderator: Two days later, the FCIC report, of which we’ve been speaking, was released. . . .

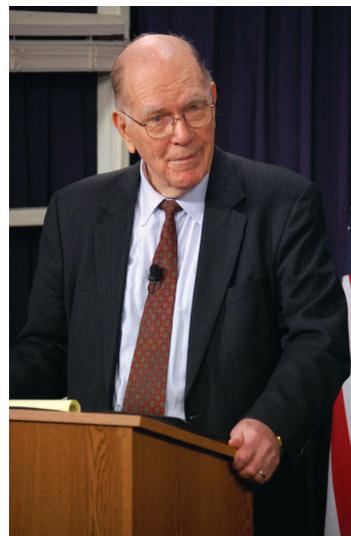
FCIC Report: Published Jan. 27, 2011

“More than 30 years of deregulation and reliance on self-regulation by financial institutions, championed by former Federal Reserve chairman Alan Greenspan and others, supported by successive administrations and Congresses and actively pushed by the powerful financial industry at every turn, had stripped away key safeguards, which could have helped avoid catastrophe. . . .”

“Our financial system is, in many respects still unchanged from what existed on the eve of the crisis. Indeed, in the wake of the crisis, the US financial sector is now

more concentrated than ever in the hands of a few large, systemically significant institutions.

“The greatest tragedy would be to accept the refrain that no one could have seen this coming and thus nothing could have been done.”



EIRNS/Stuart Lewis

LaRouche, who forecast this crisis, has presented the solution, starting with reinstating Glass-Steagall.

Moderator: It is time to learn from the past, and determine the future. Remove Obama from office, and take back control of the country, and pass Glass Steagall.

ANGELIDES REPORT BECOMING WORLDWIDE BESTSELLER

The Historic Opportunity Of 2011!

by Helga Zepp-LaRouche

Zepp-LaRouche, Chairwoman of the Civil Rights Solidarity Movement (BüSo), issued this statement on Feb. 11. It has been translated from German.

An unprecedented drama is currently unfolding on the world stage: The Egyptian people are freeing themselves from a dictatorship, in a process comparable to the fall of the Wall in Germany in 1989. The global financial system's situation resembles a minefield, where the tiniest false step can detonate a chain reaction, leading to the complete disintegration of the financial and banking sector, similar to the collapse in the 14th Century. Meanwhile, the International Monetary Fund's internal watchdog agency has admitted that institution's utter failure, while more and more people around the world are recognizing the historic significance of the Angelides Report (a.k.a., the Financial Crisis Inquiry Commission), as the first responsible institutional reaction to the greatest financial crisis in human history. Mubarak's resignation, and the dramatic developments in Egypt, are altogether paradigmatic of the fact that the system of globalization has been a miserable failure.

Developments in Egypt, along with the Angelides Report in the United States, provide a glimmer of hope that it might still be possible to pull humanity back from the edge of the abyss!

Even though it certainly wasn't their intention to do so, Greenspan and Bernanke, with their inflationary

bailout packages, and IMF director Strauss-Kahn, with his infamous conditionalities, have in fact contributed to these positive events in Egypt!

The Independent Evaluation Office (IEO)'s finding that the IMF's policy literally abounds with errors in judgment based on wrong premises, is not limited to judgments and prescriptions in the domain of the global financial crisis (see article in *Economics*). It is especially the IMF's policies toward the developing countries which have resulted in disaster. And one of the reasons why, after Mubarak has been in office for 30 years, the West suddenly realized, only three weeks ago, that he is a "dictator," lies in the fact that, throughout the past decades, Mubarak has been implementing the entire program which the IMF has prescribed to him. This included the devaluation of Egypt's currency, and the systematic privatization of state-owned and public firms and institutions; the IMF even gave him a quota of privatizations which he had to meet. And the new bosses who came in, didn't flinch in ordering layoffs, which ultimately led to Egypt's 30% unemployment rate, and growing impoverishment.

Youth Adrift; No Great Projects

The IMF forced Egypt to tear down agricultural tariffs, and to export fruits, vegetables, and cotton, to earn foreign currency, thus rendering the country unable to produce for its own domestic needs. It was denied credit



“The Egyptian people are freeing themselves from a dictatorship,” Zepp-LaRouche writes, in a process comparable to the fall of the Berlin Wall in 1989. Right: Berlin, November 1989; above: Cairo, January 2011.

for infrastructure, energy, and industry; tourism was encouraged, instead. Until two months ago, the Mubarak regime was determined to put through a second phase of the IMF’s program. This has left the youth adrift, uninspired by even a single great project. For 30 years, no one has set forth a national dream promising a better future. Under Mubarak’s aegis, Egypt ignored its African neighbors.

There are grounds for hope that the Egyptian people don’t just want to be rid of Mubarak, but that the majority want to replace every aspect of every policy having to do with him and the IMF, with a true reconstruction perspective. Egypt is not just a country of Asia and Africa, it is also the cradle of European culture; and if it succeeds in doing that, it will be an inspiration for the entire African continent, and for the entire Arab world.

Europe must assist Egypt in truly building up the country’s economy. Such projects as the construction of new satellite cities to relieve the pressure on Cairo, the expansion of arable land through irrigation projects all the way to the Qattara Depression, the building of modern infrastructure, energy production with high energy-flux densities, and modern industry, must be put on the agenda immediately; and they must be supplied with adequate credit. And most importantly, everything even remotely related to the IMF, must be junked.

Because, as remarkable as the IEO’s admission is about the IMF’s false methodology, the prospects that this institution can be reformed, are just that dim. Its directors and associates are an army of monetarists, inculcated with neoliberal ideology, who have proven themselves unable even to master the fingerboard of globalization, and they don’t have the slightest inkling about physical economy. Though perhaps there might be some hope for the IMF, if its current personnel were completely replaced by innovative industrial entrepreneurs, scientists, and old-school savings bank managers.

The financial media are also completely off the mark with their comments on the Angelides Report, predicting that it will have no effect. For, only ten days after its release, this report, which unflinchingly reveals the history of the past 30 years, uncovering the causes of the worst crisis in the history of financial markets, has already become a best-seller in the United States, and is well on its way to becoming so in many other countries. Every professor or student who takes himself or herself seriously, and every politician who wants to hold onto his or her job, is now busily studying this report—more gripping than any “Tatort” show¹—on the people behind the financial crisis.

1. “Tatort” (Crime Scene) is the longest-running crime series on German TV.

Germany Needs an Angelides Commission

This report is must reading for anyone whose livelihood has been ruined or damaged as a consequence of the revocation of the Glass-Steagall standard and the resulting deregulation of the financial sector. And likewise, for all those who may still be relatively well off, but who recognize, intellectually and morally, that the deregulated system of globalization is not only endangering the lives of millions of human beings, but is also a threat to the very fabric of our as yet only partly free society.

Every single member of our Federal parliament and state assemblies will now have to be measured by their attitude toward the Angelides Report, because while this 600-page document mercilessly presents the bankers' and hedge funds' criminal machinations, an equivalent commission is completely lacking here in Germany, or in any other European state. This is why, two years ago, the BüSo initiated a campaign calling for convening a Pecora Commission here, in order to uncover criminal activities in connection with the financial crisis. But the only response from our representatives in parliament, was that there were not sufficient grounds for suspicion!

All German citizens should arm themselves with this report, which will soon be available in German, under the title *Der FCIC-Bericht*. Then, they should visit their Federal and state representatives, their mayor, city councilmen, and county board members, and demand that the findings in this report be applied to the situation here as well. Heads of small and medium-sized industrial firms, and hundreds of towns and county governments, have already filed legal complaints against certain banks which had sold them on interest-rate bets, in the full knowledge that their clients would be the losers, all the while drumming it into their associates that this was the only way to skim money from clients.

And so, instead of squabbling over ridiculous details of the Hartz IV unemployment law, we should get completely rid of this inhuman law, which, after all, is simply a result of the same financial practices as the Angelides Report denounces. And, if all the measures made necessary by the deregulation of the financial markets are rescinded—i.e., if the Glass-Steagall standard is reintroduced, and commercial banks are once again permitted to issue credit for productive full employment—then Hartz IV will become irrelevant.

Price Controls on Foodstuffs

We must act quickly, because within weeks, we could have a domino effect of state bankruptcies in the Eurozone. The Irish government has postponed a payment of EU10 billion to the Irish banks, pending the outcome of the new elections set for Feb. 25, and we can foresee that the next government will refuse to honor Ireland's suicidal agreement with the troika of the European Commission, the European Central Bank (ECB), and the IMF. Portugal won't be able to continue much longer paying its current 7% interest on its government paper; and if Portugal goes down, it will bring Spain down along with it.

Axel Weber's spectacular resignation from the Bundesbank, and his candidacy to succeed Jean-Claude Trichet as chairman of the ECB, along with the warning from the ECB's chief economist Jürgen Stark about the danger of a new storm of mega-bailouts, are unmistakable alarm bells, indicating that at least some people have recognized the danger of a hyperinflationary catastrophe.

The *punctum saliens*, though, is this: Why should we continue, even one single day after the publication of the Angelides Report, to pursue this unwholesome policy of bailing out Europe's insolvent states—a practice which can only result in the German taxpayer being asked to cough up still more, thereby further fanning the flames of hyperinflation?

We must proceed from the assumption that as a result of the massive drought in China's northeast, along with the unbridled speculation in raw agricultural products, inflation of food prices is in danger of growing considerably worse. Since such a development would lead to hunger revolts in 80 countries—as the UN has warned—and since this would also affect any new governing combination in Egypt, it is urgent that certain measures be taken.

The BüSo is, therefore, calling for the immediate imposition of price controls on food, worldwide.

Prices must be frozen at low levels, until such time as the productive sector of the economy once again becomes dominant, by means of a general reform of the world financial system, through a two-tiered banking system, and the revival of the real economy with projects such as the Worldwide Land-Bridge.

Join the BüSo's mobilization! What's at stake, is the survival of Germany, and of all civilization in the form which, up to now, we have taken for granted.

Take heart! We can win!

It's Not Just an 'Egypt Crisis'; the Solution Is a Global Glass-Steagall

LPAC-TV's Chris Landry interviewed EIR's Arabic language editor Hussein Askary, from his office in Stockholm, Sweden, on Feb. 6, on the recent developments in Egypt. The interview took place a week before Egyptian President Mubarak's resignation, following nearly 3 weeks of mass protests throughout the country. The discussion can be viewed at www.larouchepac.com/node/17419.

LPAC: So, what's going on in Egypt?

Askary: Well, what's going on in Egypt right now, is a terrible, tragic situation. What Lyndon LaRouche has been emphasizing in the last few days, is that it's not a specific Egyptian crisis, nor was the Tunisian crisis, nor what could happen in Jordan, Yemen, or in any other place. What we see in Egypt is a result of a failure of the globalization system, which goes, actually, 40 years back, with the end of the Bretton Woods system, and the imposition of the British monetary system, and globalization on the world.

In the case of Egypt, the destruction of the Egyptian economy, which is really the cause of this crisis now, the mass protests, the anxiety of, especially, the young population, which sees that they have no future; that destruction of the Egyptian economy started more than 30 years ago, with policies imposed on Egypt through the IMF and the World Bank, by the governments of Europe, Britain, and the United States. So this is not really a specific Egyptian crisis, although it has a certain identity in Egypt. But, you can say almost the same thing about any other nation, in North Africa, or South-west Asia, or Africa, even Eastern Europe, where countries are ripe now for social explosions, because of the breakdown crisis of the whole economy.

So, this is what the situation is. There are specific internal issues in Egypt, but they are not only specific to Egypt: like the mass unemployment among young people; the loss of productivity; the food crisis, which



EIRNS/Michelle Rasmussen

EIR's Arabic language editor Hussein Askary.

is a result of both the hyperinflationary policy which has been created, especially in the last few years, with the bailout policy of the British financial system, by the Obama Administration and the European Union printing fake money. This is creating a hyperinflationary explosion in basic foodstuffs, and fuel, and other goods.

But also, you have had the lack of investments in infrastructure, in water projects, in energy over many, many years, which has actually made it impossible for these nations to sustain their own populations.

This is, in a way, also a tragic indicator of what could happen, if you don't listen to LaRouche, and if you don't follow the universal principles which have been promoted by LaRouche for many years. Just a few days ago, we have had the Angelides Report on the failure of the bailout policy in the United States. But it also goes back to looking at the situation—how this crisis developed—the whole financial collapse, over, also more than 30 years of policy.

But you can see that, at every post, every station, in



National Archives

As Nixon (center) was dismantling the Bretton Woods monetary system, British agent-of-influence Henry Kissinger (right), as Secretary of State and National Security Advisor, was orchestrating the 1973 Mideast War. The two are shown here with Egyptian Foreign Minister Ismail Fahmy, October 1973.

this failure of the policy, where catastrophic decisions were taken in the United States and Europe, and worldwide, that at every step of that crisis, LaRouche and his associates were present, to warn of this crisis, but also to present the solution for the crisis, both globally, but even for specific countries like Egypt, as was done in the early 1980s by LaRouche and his associates.

British Domination of the Region

LPAC: Yes, on this 40-year history, basically, ever since the floating of the dollar, and what Nixon did here in 1971, by destroying the Bretton Woods system: What has been the policy towards Egypt, by the so-called British Inter-Alpha Group of banks and the United States, under the influence of that system?

Askary: The thing is, the British Empire—both the old one and the new one—have dominated that region for more than 100 years. Egypt itself was occupied by the British beginning 1882, also, as a result of the financial-economic policy, because the British took over Egypt to force them to pay debt, which was accumulated falsely from the nation of Egypt.

But the British were also active in the post-World War II period, both because of their presence in the Middle East—in Egypt and other countries—and their influence; and also to destroy everything which had to do with the ideas of Franklin Delano Roosevelt. And the emergence of the Non-Aligned Movement, which

shared the aspirations of Franklin Roosevelt, that after the World War, you will not have the colonial system, you will not have imperial systems. You will have sovereign, independent nation-states which would cooperate to build their economies, with emphasis on the development of infrastructure, energy, water, agriculture, so that nations could be self-sustaining and, at the same time, work together.

Now, you had the Nixon Administration, under influence of agents of the British Empire, demolishing the Bretton Woods system. Exactly in that period, from 1971 to '73, you had both the oil crisis, which was created by the October 1973 Mideast War, which was actually orchestrated by Henry Kissinger, the U.S. Secretary of State, and also, National Security Advisor; he orchestrated that war! And then, you had the oil crisis, which contributed to dominating the world with the Anglo-Saudi oil and petrodollar policy.

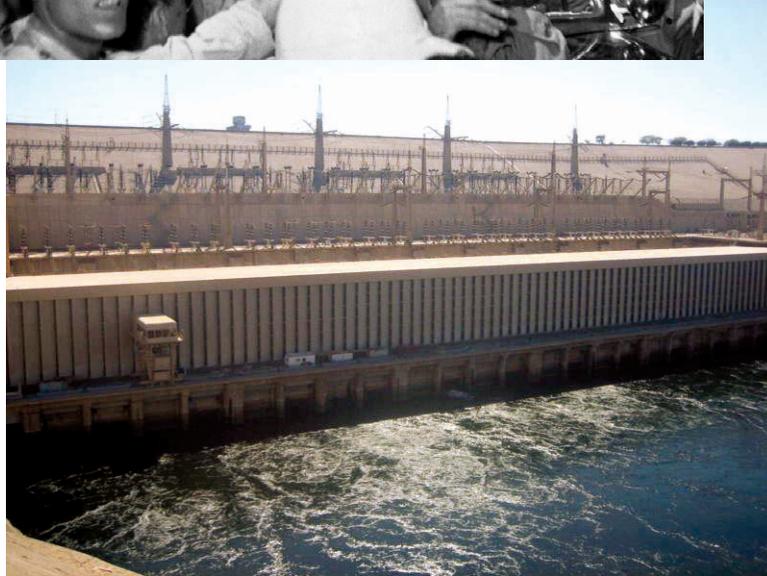
But since then, you had a situation where the British could run affairs from a very comfortable position, where their ghosts, personified by Americans like Kissinger, implemented a British policy against the world in the name of the United States. And Kissinger made no secret, publicly, of his sympathy with the British imperial system, against the ideas of Franklin Roosevelt, and the American Constitutional and national system.

So, Kissinger, especially with respect to Southwest Asia, but specifically, Egypt, was running affairs on behalf of the British Empire. But then, when the peace process started between Egypt and Israel, Kissinger himself was instrumental—but there was a bit of poison, put into that sweet taste or honey of peace, that Egypt—because also it was detached from the surrounding Arab countries, because they went and shook hands with the Israelis and accepted the peace process—Egypt was cut off from Saudi Arabia and other Arab countries' aid, the oil-rich countries, so Egypt suddenly became totally dependent on the United States.

And to get the aid from the United States, it had to follow policies of economic liberalization, and that was the poison that was injected into the peace process, for the Egyptians. So to get American or European aid, the Egyptians were forced into what President Anwar Sadat [1970-81] called “the open door” policy of liberalization; “open door” means that domestic and foreign thieves could come in and out as they wished.



Egyptian President Nasser established a state-directed economy, based on infrastructure-building, agricultural reform, and industrialization. These included nationalization of the Suez Canal, and construction of the Aswan Dam (right). Nasser is cheered in Cairo, after announcing the Suez Canal Company, Aug. 1, 1956.



But that policy failed, and there was a backlash against it. In 1981, Sadat was assassinated by Muslim Brotherhood militants—the Muslim Brotherhood, which is also another British creation, actually—but then, in 1981-82, President Mubarak comes to power, but Egypt’s economy was based on what Gamal Abdel Nasser [President 1956-70] had established after the revolutions in 1952 and ’62, that it was a state-directed economy based on building infrastructure, agricultural reform, and industrialization. The agriculture was reformed; you had also the building of the Aswan Dam; you had the building of the steel, cement, and textile industries in Egypt. So there was still some basis for

Egypt to grow as a modern nation.

And exactly at that time, you had Lyndon LaRouche and his associates presenting ideas to the Egyptian government. You had, in the LaRouche publication, *Executive Intelligence Review*, interviews with Egyptian ministers who would say that they “agree 100%” with the vision of LaRouche and *EIR*, that Egypt should become the “Japan of the Middle East.” They were talking about building nuclear power, transferring water to desert areas, transferring water from the Mediterranean to the Qattara Depression region, all kinds of very interesting projects which would make Egypt and Sudan the breadbasket for all Africa and the Arab countries.

Unfortunately, these attempts, these ideas, were sabotaged by people in the United States. You remember at that time, in 1982-83, LaRouche managed to make the SDI, the Strategic Defense Initiative, an official policy of the United States, for a certain period. But then you had a massive attack on LaRouche, because he became some sort of super-power, beside the British, the Soviet Union, and the United States—that with his ideas, the U.S. was becoming too powerful. And the attack was launched against LaRouche and the whole SDI plan in the United States, but even in Egypt and the Middle East, there was an attack on these policies.

War, and the Debt Trap

War, and the Debt Trap

At the same time, the whole Middle East was engulfed in a new war, with the Iran-Iraq War in 1981

until '88; so the orientation of the whole region went from economic development into the war economy, and Egypt, for example, was forced to buy weapons, import weapons, with credit—instead of importing machines and nuclear power plants before—and building a huge military arsenal.

The same was the case for all the countries in the region, and international—actually British-run—weapons cartels were very active throughout the 1980s. But what that resulted in, was, that by the end of the '80s, Egypt was in a huge debt trap, which was then, so-called “relieved” when Iraq went into Kuwait. Egypt was forced to join Margaret Thatcher’s Britain and George Bush Sr.’s forces to attack Iraq, and the prize that Egypt would get was to write off its debt!

Unfortunately, Egypt was forced to go and sit down with the IMF, to get that prize. And that was a total disaster, because, according to IMF and World Bank policy, Egypt had to devalue its currency, to privatize its industries, to lift the tariffs on agricultural products, knocking out its own economy, its own agriculture, and promoting exports to get hard currency. And then, most of the Egyptian agriculture which was left was oriented towards exports.

So, Egypt, up to this day, is exporting fruits and vegetables to Europe, but it cannot feed its own people! Because Egypt was made dependent upon aid from the United States and Europe to get bread and basic foodstuffs, while using its limited agricultural areas for exporting cash crops, including cotton and so on.

But also you had the problem that over all these years, Egypt was not able to get any credit to finance infrastructure, nuclear power plants, and so on and so forth, as was proposed to Egypt by the LaRouche associates. Egypt was supposed, by the year 2000, to have 40% of its energy from nuclear power, and that never happened. Lyndon LaRouche and his associates were actually very skeptical of the U.S. aid policy toward Egypt, and they were advising that the \$1

billion in aid to Egypt to finance some stupid rural projects here and there, that this money should be used to build nuclear power plants, both in order to make Egypt able to both produce energy, and also for water desalination to reclaim new areas from the desert for agriculture.

That never happened, and Egypt became more and more deeply trapped into the economic liberalization policy, which was also imposed, at the same time, on Mexico, on Africa, and East Asia. So it’s a global policy, but Egypt was part of that policy.

So, by the 1990s, Egypt became totally dependent on exports of agriculture, but also tourism; and from '95 to '97, tourism was knocked out, because terrorist groups, based in London—as *EIR* had actually documented then—targeted tourism by shooting tourists in different areas of Egypt. So, the tourism was knocked out; and Egypt, by the end of the 1990s, was totally wiped out economically, and was forced to sign a new agreement with the United States, with an American

Who Killed the Egyptian Dream?

The two interviews excerpted here were published by EIR, Jan. 25, 1983. The first quote is from Maher Abaza, Egypt's then-Minister of Electricity, from an interview with EIR, conducted in Cairo, Dec. 17, 1982:

“At the end of the century, hydropower will be the source of 10-15% of energy; 10-15% will be gas-powered stations; 15% will be coal-powered stations and 15% will be diesel-powered stations. The rest, which is 40%, we expect to be nuclear power stations. We do not want to have all our eggs in one basket.”

Youssef Wali, Egypt’s Agriculture Minister at the time, was asked about Egypt’s plans for reclaiming the desert, and helping Sudan and all of Africa to develop agriculturally and into a “new Japan”:

“That’s right. It is along the same lines that your magazine has written its recent cover story: ‘Egypt’s Fight To Become the Japan of the Middle East.’ I agree with that concept. It is a very smart approach to take. We have to fight, though, to become the new Japan. It is not an easy game. Our transformation into a new Japan will not be served to us on a golden platter. We will have to work hard; we must be organized; we will have to avoid mismanagement, to avoid corruption, to avoid miscommunication, to become the Japan of the Middle East. I agree 100% with your vision.”



Creative Commons/David Evers

Thanks to the deindustrialization and privatization policies enforced by the British-run IMF and World Bank over the last 40 years, today, more than 50% of Egyptians are impoverished. Shown: a Cairo slum.

called [then-Vice President] Al Gore; it was called the Competitiveness Partnership Agreement, which dictated to the Egyptians how they were going to privatize the rest of their industries: the steel industry, the textile industry, cement industry, and so on and so forth. And then, later, even the infrastructure industry.

You remember, Gore was also instrumental in the privatization process of the Russian economy, and you see what happened in Russia—that’s what usually happens, when you go immediately from a state-run economy to a totally liberalized and privatized economy; that you have a lot of people around the government structure, businessmen with ties to people in power; they take over these industries, very cheap. And, of course, they have ties to financial interests abroad, and this is what has happened, even in Egypt. That’s where the corruption comes from: That was the corruption imposed on Egypt from outside.

So, you have people around the President [Mubarak], his sons, and the elite in Egypt—many of them became very rich, like the Russian oligarchs, but more than 50% of the population were under the poverty line. And Egypt has not managed yet, to invest in any of the agricultural or power projects which were proposed already in the 1980s.

So, this is a tragedy, which has actually been 30 years in the making. But we can still reclaim that lost time, if we go with the policies proposed now by LaRouche: going back to Glass-Steagall; going back to a process of reconstruction of the world economy, based on national credit and cooperation among nations, to build infrastructure, agricultural projects, and so on. So that’s the solution.

So, Egypt, today, is suffering from a disease which was imposed on the world, already 40 years ago, if not even earlier. That’s the source of the problem, and the Egyptian people and other people are paying the price of that, today.

Egypt’s Youth Need LaRouche’s Ideas

LPAC: Egypt is, I think, the largest importer of wheat in the world.

Askary: Yes, probably one of the four largest ones.

LPAC: Right. So, what’s happening is a lot of the ships that are bringing in food, are not allowed to dock in the ports in Egypt, because the banks are basically shut down in Egypt. They can’t do business, so you can’t even get the food—

Askary: Yes, exactly. It’s the whole vitality of the society, and the survival of society will be totally blown into the air, if people in Egypt do as Obama or the British Foreign Office, or the European Union governments are saying: that President Mubarak suddenly disappears, and then, what happens after that? You know, it’s not only irresponsible, it’s totally criminal to propose such a thing. The best possible situation, is to make sure that there’s a peaceful, organized transformation, into a new government, a new Parliament. In all these years, of course, the government of Egypt, and the elites, were complicit in these policies, but they were like junior partners in a crime.

But then, there should be an organized way of get-

ting out of that; but at the same time, what the world can offer Egypt, is to offer them LaRouche’s ideas! And also, the idea of the universal principle which governs what you call “physical economy,” how nations can prosper, how human beings can use their creativity, in building both their nations and the world generally.

But also, young people have to understand these principles, but also adopt them as part of their identity. Because a lot of the young people who are demonstrating today are enraged; they are expressing rage, but they are not expressing a clear, organized identity, an idea of their identity as individuals, in their nations, and in the universe generally, because of the lack of knowledge, because we have had a degeneration of culture and education, all over the planet, for the last 30, 40 years!

So, young people today, although they have the right to be frustrated, the problem is that they don’t have the knowledge and the identity of how to get out of this crisis. And I think the type of work which is being done in the “Basement,”¹ in LaRouchePAC and the LaRouche Youth Movement, that this is key to give young people a solution to get out of this type of crisis, and not simply be enraged and just try to go with “regime change.” The British will be very happy to help you do that! But you’ve got to be careful what you are wishing for.

LPAC: Yes, absolutely. It seems like we have an incredible responsibility in the United States, to effectively, with our Constitution, end the British Empire, once and for all. And then, of course, as you’re saying, inspire the young people not to just be enraged, but to



Creative Commons/Ramy Raoof

“What the world can offer Egypt, is LaRouche’s ideas!” Askary said. “And also, the idea of the universal principle which governs what you call “physical economy,” how nations can prosper, how human beings can use their creativity, in building both their nations and the world generally.” Shown: Tahrir Square, Cairo, Jan. 29, 2011.

think about development again, and think about a future. I think that’s more of the answer here, than just “regime change,” as you say, the British would love to do.

Askary: Exactly.

LPAC: Is there anything else you would like to say, before we go?

Askary: You people in the United States have a great responsibility, but it comes with being a great nation, that you have that responsibility. You have your own problems to deal with there, with the President, Obama, but I think, in any case, people around the world always look to the United States for inspiration and a leadership role.

LaRouche has explained why the United States is capable of laying down the principles for a new international monetary and economic system, because of its Constitutional structure and its history, but also its own original American System. But people around the world always have this respect for the United States: that it’s not some sort of an imperial system, and they would be happy to work with the United States, if the United States has the right leadership.

1. To find out more about the scientific work of the LaRouche Basement team, see <http://larouchepac.com/basement>.

And working with LaRouche, as the mediator between LaRouche, as an American, and the Arab world, I have been working with that for many years; I definitely know, that people in the Arab world, in South-west Asia and Africa, would be happy to have a dialogue with a United States represented by LaRouche, rather than a United States represented by Barack Obama or the Bush family, or Henry Kissinger.

So, people in the United States have to work with LaRouche, because this is the best asset you have, in order to be able to both address your own problems, and also to address the problems of the world.

LPAC: Hussein, thank you very much for your time. I appreciate all your thoughts on this very delicate situation. We have a lot of work to do. We'll see you later.

Askary: And thank you, too. And keep up the good work.

The Myth of Overpopulation in Egypt

by Hussein Askary

Feb. 10—Egypt was featured as one of the 15 nations in Henry Kissinger's 1974 National Security Study Memorandum (NSSM) 200 that were targeted for depopulation. Kissinger's silly argument, which has its roots in the British malthusian and Nazi ideologies of *Lebensraum* (living space), that population growth in developing nations was a threat to the national security of the United States and its allies (i.e., Britain), because these nations will resort to higher levels of technology to sustain a growing population, and use the natural resources

Kissinger's NSSM 200

The first person who linked "overpopulation" to U.S. national security interests was Henry Kissinger, who, as National Security Advisor, oversaw the drafting of National Security Study Memorandum 200, entitled "Implications of Worldwide Population Growth for U.S. Security and Overseas Interests," which was a highly classified document when it was completed on Dec. 10, 1974.

On Nov. 26, 1975, with Kissinger now Secretary of State, his successor as National Security Advisor, Gen. Brent Scowcroft, issued National Security Decision Memorandum 314, which adopted NSSM 200 as official (covert) U.S. policy on population matters. Here are excerpts:

The World Population Plan of Action is not self-enforcing and will require vigorous efforts by interested countries, UN agencies and other international bodies to make it effective. U.S. leadership is essential. . . .

Assistance for population moderation should give primary emphasis to the largest and fastest-growing developing countries where there is special U.S. political and strategic interest. Those countries are: India, Bangladesh, Pakistan, Nigeria, Mexico, Indonesia, Brazil, the Philippines, Thailand, Egypt, Turkey,

Ethiopia, and Colombia. Together, they account for 47% of the world's current population growth. . . .

Moreover, *short of draconian measures there is no possibility that any LDC [Less Developed Country] can stabilize its population at less than double its present size. For many, stabilization will not be short of three times their present size. . . .*

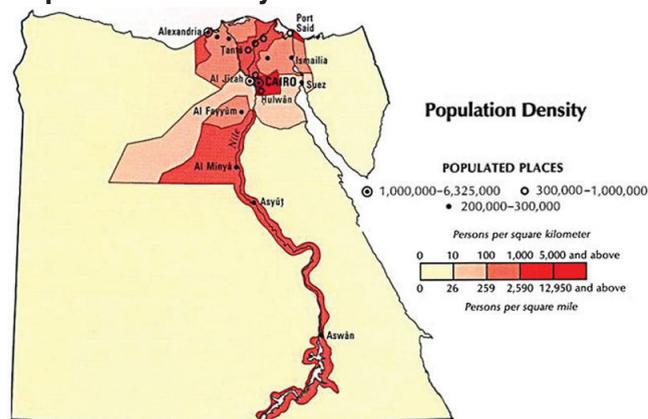
Population growth *per se* is not likely to impose serious constraints on the global physical availability of fuel and non-fuel minerals to the end of the century and beyond. . . .

The important potential linkage between rapid population growth and mineral availability is indirect rather than direct. It flows from the negative effects of excessive population growth on economic development and social progress, and therefore on internal stability, in overcrowded underdeveloped countries. . . .

The real problems of mineral supplies lie, not in basic physical sufficiency, but in the politico-economic issues of access, terms for exploration and exploitation, and division of the benefits among producers, consumers, and host country governments. In the extreme cases where population pressures lead to endemic famine, food riots, and breakdown of social order, those conditions are scarcely conducive to systematic exploration for mineral deposits or the long-term investments required for their exploitation.

FIGURE 1

Population Density



available in their countries for their own consumption. These resources, according to Kissinger’s argument, should be preserved for the future security of the U.S., Britain, and other European allies. It is true that these target nations would and have resorted to higher levels of technology to sustain their growing population, but the insane criminality of this malthusian ideology disregards the fact that humans are the most important resource in an economy.

The criminal stupidity is evident in a quick look at Egypt’s demographics. When NSSM 200 was being written in the early 1970s, Egypt’s population of 33 million was inhabiting and using less than 5% of its land area (see **Figure 1**)! Still today, more than 80 million Egyptians are living on, and utilizing less than 7% of their land area. The fact that 80 million people are packed into a slim strip of land, on the banks of the Nile River, and in Cairo and the Nile delta, does not prove anything regarding overpopulation. It is the lack of technological and infrastructural development which is the problem, not the number of people. Egypt has been denied real development for more than 30 years.

After the 1952 republican revolution by Gemal Abdul Nasser, and throughout the 1960s, a rapid industrialization process was carried out. Interestingly, the rate of population growth slowed during that period, because more women were being educated, and recruited to the labor force.

Nonetheless, the “overpopulation danger” was still being propagated in international institutions, such as the UN and UNESCO, where former British Eugenics Society chairman Julian Huxley had a leading position. Nasser’s government launched a limited family planning pro-

gram, but, in the 1970s, the program was neglected, as President Anwar Sadat launched the slogan “Development is the best contraceptive,” and focused on economic development rather than population control.

When Sadat was assassinated in 1981 and Hosni Mubarak became President, the program was re-launched, this time under pressure from USAID, the World Bank, and other donor organizations (such as the pro-eugenics Rockefeller and Ford Foundations, and the Population Council in New York), promoting contraceptive use by married women. Reportedly, these efforts doubled contraceptive use from 24% in 1980 to 50% in 2000, and reduced the fertility rate from 5.3 births per woman, to 3.5 births per woman. Hundreds of millions of U.S. dollars were spent on birth control rather than infrastructure development.

Robert McNamara, president of the World Bank at the time, lied, after a visit to Egypt, that “some progress has been made, and there are chances for progress, but population growth will eat up 75% of all investments until the year 2000.”

That was the policy imposed on Egypt.

Contrary to this, Lyndon LaRouche’s and *EIR*’s policy for Egypt was to expand the land area utilized by the Egyptian population through massive investments in infrastructure to bring water to reclaim and develop large portions of the Egyptian desert.

But very little was done on that front, and instead, fanciful tourist resorts were built on the beaches of the Red Sea. Unfortunately, the Egyptian government and a large part of the political elite and the population swallowed the myth that this was “development,” and organized massive media campaigns, especially in the last few years.

However, Mother Nature and the mothers of Egypt refuse to be constrained by the lie of limited resources. The Egyptian population has more than doubled since 1970. In one ironic incident, following an intensive campaign in Egyptian television channels and newspapers, begging Egyptians to restrain the birth rate, an Egyptian woman gave birth to 11 babies in 2009! You can call that a protest!

The Egyptian population is a very young one. Among the 80 million Egyptians, there are now: 6 million above the age of 60; 37 million under the age of 15; and the rest, about 37 million, between 15 and 60, with most of them under 30. This is a great wealth and a resource for the world, if the global economic breakdown crisis is reversed towards real physical economic development.

Keep Susan ‘Rice-ism’ Out Of Sudan and All of Africa!

by Lawrence K. Freeman

Feb. 10—On the eve of the acceptance by the government of Sudan in Khartoum of the Southern Sudan referendum for separation, forces committed to the British imperialist policy of fragmentation of the nation of Sudan have once again chosen Darfur as the battleground to foment a new confrontation between Khartoum and the West. This new anti-Sudan effort is being led by Susan Rice, President Obama’s ambassador to the United Nations. Having just returned from Sudan, where I spent two days in Darfur visiting the headquarters of the United Nations-African Union Mission (UNAMID), surveying three Internally Displaced Person (IDP) camps, and meeting with local officials, I can say it is abundantly clear, and acknowledged by many, that Susan Rice is the biggest obstacle to peace in the region.

At a UN Security Council meeting on Jan. 26, Rice attacked UNAMID, going on the offensive against Ibrahim Gambari, formerly Nigeria’s UN Ambassador, who, as Joint AU-UN Special Representative, is responsible for the deployment of 25,000 AU troops and 6,000 civilians from UNAMID’s headquarters in El-Fasher, the capital of Northern Darfur. Rice demanded that Gambari adopt a more aggressive deployment against Sudan’s Armed Forces (SAF), beyond the current military mandate. Sources close to UNAMID have said that while Gambari effectively defended his actions to the UN Security Council, Rice nevertheless ran to the press immediately after the Council meeting to complain that Gambari and UNAMID are too timid.

To understand the nature and purpose of Rice’s attacks on Gambari and UNAMID, consider that they oc-



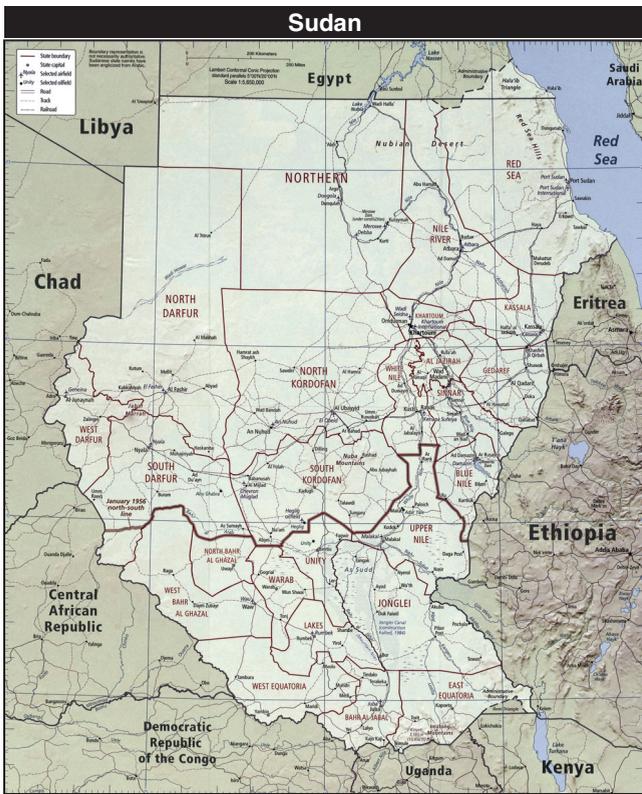
EIRNS/Donielle Detoy

The Zamzam Camp in Darfur, a vast area for more than 100,000 Internally Displaced Persons.

curred while Sudanese Foreign Minister Ali Ahmed Karti was meeting with U.S. Secretary of State Hillary Clinton to discuss normalization of relations between the United States and Sudan.

Gambari, a well-respected diplomat, does not want to deploy UNAMID forces recklessly, and cause needless deaths among the African troops. Instead, he uses his good working relationship with Khartoum to further the peace process in Darfur. Whatever its shortcomings, UNAMID is respected and seen as invaluable to the stability of Darfur.

While Rice and company allege that the government of Sudan is not cooperating with international agencies in Darfur, Gen. Scott Gration (ret.), the U.S. Special Envoy to Sudan, who was instrumental in brokering the peaceful voting process in the South, praised the “great steps” taken by the government to facilitate



hospitals and schools, one of which was dilapidated in its construction, supplies, and furniture. Security at these camps has improved since Sudan and Chad signed a peace agreement last year, preventing rebel militias from crossing over from Chad into Darfur. This has allowed more freedom of movement by the displaced persons in and out of the camps, allowing some to leave during the day for work. UNAMID, which is active in the camps, and weary of advocacy groups that distort the conditions in Darfur to serve their own agenda, reported similar findings.

The conditions of life are indeed horrible. Human beings were not created to live this way. But it was also alarming to realize that one could barely distinguish, if at all, any appreciable difference in the conditions of life for many living outside the camps.

One element of life in these camps, not usually discussed, but one that cannot be overlooked for the future of Darfur, is the large number of young people there. Many have lived in these camps for up to seven years, and their young adult lives has been shaped by war and life as an IDP, while others were born in the camps. Some of these children and young adults who have been unable to experience anything resembling a normal social upbringing, will grow up with a deformed view of society.

The other danger is that living in such a controlled, artificial environment, dependent on all forms of aid just to survive, creates a mental and physical state of dependency, a belief that “this is the way it is and will be.” When one considers the large percentage of people living in IDP camps: approximately 1.8 million out of a total estimated population of 7.5 million in North, West, and South Darfur, the mass psychological effect on society will be pronounced.

With the acknowledged improvements in security, UNAMID and various government agencies have begun to move people out of the camps back to their rural villages of origin, but the numbers are small; only a few thousand have moved out in the recent period. But what are they moving back to? Here we see the evil of the imperial policy of genocide for Africa.

The truth is, that all of Darfur is vastly underdeveloped, and has been kept that way since it was under British rule, because there has been no intention to create habitable conditions of life for Africans. The same is true for neighboring Chad, the Central African Republic, and all the countries of sub-Saharan Africa.

movement of international aid agencies, NGOs, and UNAMID peacekeeping forces.

No ‘Slow Genocide’ in Darfur, but Genocide for Africa

Contrary to the propaganda of various money-making advocacy groups complicit in Rice’s agenda, there is no Darfur-specific “slow genocide”; yet Rice, a thoroughly indoctrinated follower of British imperial hatred towards Africa, has done nothing to stop the continent-wide policy of genocide that has already exterminated scores of millions of Africans.

In El-Fasher, the author spent many hours walking in IDP camps of Abu Shouk, El-Salam, and Zamzam. Abu Shouk and El-Salam serve about 50,000 people each, and Zamzam over 100,000, in a vast area of almost 25 square miles.

The conditions of life were deplorable in these camps, with people living in mud and stick huts; standing in line for hours to fill plastic jugs of water, from hand pumps at various bore wells; poor sanitation; and not enough food. But there were no signs of epidemic disease, no starvation, and no famine. The camps have

All the fighting in Darfur, and the wars in Africa, like the flashpoint of Abyei along the new border between Sudan and South Sudan, are fought for possession of two precious resources: *land and water*. With all the tens of millions of dollars that have been spent in propagandizing the conditions in Darfur, not a penny has gone into development of the region. This ensures that the fighting, pillaging, and dying will continue. It is not debatable that without economic development, most especially infrastructure for water, energy, and rail transportation, there will be no substantive improvement for the lives of the Dafurian people, who will continue to suffer and die in these wretched conditions. With some outside financial funding from Arab nations, efforts are being made to make the areas that the displaced persons will be retuning to more “livable,” so they can resume their “normal” lives scratching out an existence as farmers. But it is far too little, and will take years, if not decades, to tranfer the nearly 2 million IDPs out of the camps, without a nationwide and regionwide economic development program.

Beyond the Referendum

Despite worldwide popular support for the separation of Sudan, the separation has solved none of the underlying problems for the Sudanese people. In fact, the agreement for the creation of the new state of South Sudan, on July 9, 2011, creates the potential for more killings, further deterioration of life in South Sudan, and likely attempts to create more separatist movements, to create more divisions in the country. It has been an age-old intention of the British monetarist empire, which Rice and company actively support, to turn Sudan into a collection of separate entities in a war of “all against all.” The overthrow of the Khartoum government of President Omar al-Bashir is part of this scenario.

The separation of the nation will be the most difficult period for Sudan since achieving its independence from British colonial rule in 1956. The two countries, which will share a 2,100-km border, where there are



EIRNS/Danielle Detoy

Here, IDPs in Darfur wait for a turn at the water station, but in some places in Sudan, people don't even have daily access to water.

still unresolved disputes, will have to work out an agreement for sharing oil revenues, define new criteria for citizenship, and deal with \$36 billion in foreign debts. They will have to collaborate politically and economically for the benefit of all of the Sudanese people, creating goodwill by relying on the shared history of one people, and an aversion to a return to war. While the whole of Sudan was harmed economically by the malicious, counterproductive sanctions imposed by the U.S. and Europe, and the two countries will need each other, they will be starting from different vantage points.

Reliable non-Sudanese sources report that the economic and political conditions in the South are very underdeveloped. There is absolutely no infrastructure, no industry—no economy, except oil, which accounts for almost 100% of revenues, and whose reserves are estimated to be limited to 5-10 years. Despite fertile land and water, the South has to import its food, and there is no expectation that it will have a viable agriculture sector in the near future. It suffers from food shortages, unable at times to feed almost half of its 8 million people.

South Sudan will be a large, landlocked country whose oil will be shipped out through pipelines in the North for export from Port Sudan on the Red Sea. Kenya's port of Mombasa is only accessible by land over



EIRNS/Donielle Doty

Author Lawrence Freeman at the Zamzam Camp, Jan. 28, 2011.

several hundred kilometers. Given the crushing collapse of the global economy, whatever promises the West has made to financially assist South Sudan (if they were ever sincere) will evaporate, as the trans-Atlantic economies continue to spiral downward. The ruling party of the South, the Sudan People's Liberation Movement (SPLM), has no experience in administering a country, and will have difficulty controlling the simmering-to-boiling-over tribal conflicts.

All of this makes South Sudan highly vulnerable to manipulation by outside forces, which will want to use it as battering ram against the North, with no real regard for the welfare of the people of the South. Without doubt, the new State of South Sudan faces a difficult road ahead, with no vision by the West to develop this large, economically barren landmass.

Like other countries in Africa and the world, Sudan is presently suffering from the effects of the global hyperinflationary increase in food prices, caused, not by Sudan, but by the creation of trillions of dollars of worthless "play money" by the U.S. Federal Reserve, in

a desperate attempt to bail out the bankrupt global financial system. Sugar prices have gone up almost 50% in the last three months. Vice President Ali Osman Taha reported that the price of cotton has gone up 300% in the last three years, and is the highest in 50 years. Austerity measures have been imposed, including removing subsidies on bread and fuel, which has created the conditions for opposition movements in the North to initiate protest demonstrations.

The Khartoum government has relied on oil revenues for approximately 60% of its budget, but unlike the South, the North has a functioning economy, with at least minimal amounts of infrastructure, including the newly constructed Merowe Dam, which produces 1,250 megawatts of electrical power. Sudan has plans to generate another 3,000 MW during the period ahead, from numerous hydroelectric projects. Unfortunately, the North has not progressed in reaching its potential in food production, having to import \$2 billion of food in 2010, which is expected to drop only slightly to \$1.75 billion in 2011. One government official suggested that Sudan will have to adopt an "eat what we grow" attitude.

Vice President Taha reported that Sudan intends to become self-sufficient in food over the next three years.

The North is expected to restructure itself, with a new government and a new Constitution, while its future economic policy is being debated: whether to follow the tenets of a market economy, or to pursue a more dirigistic approach, centered around advancing the economy and increasing the number of non-government jobs, through the building of necessary infrastructure projects.

Water Is More Valuable than Oil

Oil revenues make up a large portion of revenues for both Northern and Southern Sudan. One of the major flaws in the thinking of African nations that have this resource, is the foolish view that oil is their most valuable commodity. The reason for this view, is the false belief that wealth is measured by money, within a *monetarist system*. Lyndon LaRouche, no stranger to Sudan, has maintained that wealth can only be measured in a *credit system*, based on the generation of credit to secure

the future production of physical wealth through advancing “platforms of infrastructure.” The monetarist view, which comes from the corruption of accepting the British free-trade system, has led nations to place far too much importance on World Bank statistics, instead of focusing on investments in physical wealth that increases the productive powers of the society for present and future generations.

Agriculture is a case in point. The intention of the West, in line with Henry Kissinger’s 1974 National Security Study Memorandum 200 (NSSM-200), has been to keep Africa underdeveloped as a matter of policy, especially rejecting the right of nations to feed themselves, through such institutions as the World Trade Organization. But the lack of a full commitment by Sudan’s leaders to increase food production is also evident, thus far.

Mutaz Musa Abdallah Salim, an official of the Ministry of Dams and Electricity, informed this author that numerous states in Sudan are named after waterways. In fact, there are over two dozen rivers in Sudan. Salim also reported that Sudan receives 1 billion cubic meters of rainfall per year that can be harvested in groundwater. He said the problem is not a lack of water, but getting it to the right place. Absolutely correct! Organizing flows of water by man’s intervention can transform Sudan’s food output, with the completion of the Jonglai Canal as a priority. The great Transaqua Project, which would transfer water from the Congo River Basin, across the Central African Republic, to refurbish the water-deficient Lake Chad Basin, will have even a greater impact on the region.

Water development projects encompassing all of Sudan’s territory are essential for the future of both North and the South Sudan, to dramatically increase food production; this should be a top priority of post-referendum agreements.

We can and we must end genocide in Africa with investments in these and related infrastructure projects, including the construction of the already planned East-West railroad, which will travel from Port Sudan, thousands of kilometers west, to Dakar, Senegal.

All of this and more is possible, but only if we implement Lyndon LaRouche’s reorganization of the current bankrupt *monetarist system*, and keep “Rice-ism” out of Africa, by sending Susan Rice back to London.

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Interview: Osman Yousif Kibir

North Darfur Governor Assesses Progress

The Governor (Wali) of North Darfur, Osman Yousif Kibir, was interviewed by Lawrence Freeman on Jan. 28 in El-Fasher, Darfur, Sudan.

EIR: We were able to tour all three major IDP [International Displaced Persons] camps between yesterday and today. In your evaluation, how has the situation improved over the last two years, in terms of conditions of life for the people in these camps?

Kibir: Thank you very much. You have asked me a good question. Every human being who visits the state, will comprehend the difference and the change. In terms of the humanitarian situation, a big positive change has occurred. Normal life is approaching—a normal situation is coming into being. Observers looking at this can witness this positive change. Confrontations between the SAF [Sudanese Armed Forces] and the rebel movements have been reduced by 69%.

EIR: What is the cause of this reduction in confrontation and violence?

Kibir: A lot of factors have caused this reduction. Number one, efforts made by the government in terms of insuring security; efforts made for peace talks; efforts and contributions of UNAMID [United Nations African Union Mission in Darfur]; weakness of the [rebel] movement itself. The rebels have been very weak, and they have divided themselves into many small factions. This weakness among them has also contributed positively to making the situation better, and increasing the change. There is also big pressure from society, the community themselves; the people of Darfur are completely rejecting any interest in war, and refusing any encouragement to continuing the war.

Other indicators and factors, are that people are starting to return to their areas of origin. The normal impulse for trading, for economic life, is returning; that also indicates that the situation is changing in a positive

direction. Then there's the expansion of schools and education in different areas.

Peace Talks

EIR: In the current negotiations between rebel movements and the government of Sudan, a lot of this has been taking place at Doha. What is the current status? My understanding is that the JEM [Justice and Equality Movement] is not involved in that discussion; Minni Minnawi's group is not involved. Which groups are involved in discussion with the government, and do you think this will be resolved, and how will it be resolved in the future, to bring complete peace to Darfur?

Kibir: Number one, the peace process should not be tied up by a certain movement which is not contributing to the negotiations; it should take place because the measure of it will be conducted by the community of Darfurians. We are not going to reject their role, but [the peace talks] should not be tied up by them, if they are not there. The peace should go forward. The peace should be carried out by the people of Darfur.

EIR: Which rebel groups are now in negotiation with the government of Sudan for peace in Darfur, and will this continue in Doha?

Kibir: Now the movement which is engaged is the LJM [a split-off of the Sudanese Liberation Army, SLA], led by [Tigani] El Sissi, plus the SLA. Also there is interest from the JEM, Khalil [Inrahim], and Abdel Wahid. Pressure from the international community and the internal community—external and internal pressure—is pushing the JEM and the SLA of Abdel Wahid to join.

EIR: Is the United States officially playing a positive, useful role in resolving the conflicts in Darfur?

Kibir: All this effort is through UNAMID. UNAMID is making a good effort, a good contribution, in the situation right now, but it will be good at this level of contribution, only if UNAMID receives assistance



EIRNS/Hussein Askary

Gov. Osman Yousif Kibir, April 2009.

and support from the committed nations. Let me emphasize this point, and here I am going to accuse some international parties. I am not going to use their names, but I accuse them because they are trying to put UNAMID in a very weak position, because they are interested in other mechanisms.¹ In this regard, we, as officials of the government of Sudan, are still committed to support UNAMID, and help them to continue working with us for peace.

I am talking to you as a local representative of Northern Darfur and because I am part of the Darfur community. UNAMID is a suitable mechanism to continue helping the peace of Darfur. Before I was Wali, I was one of the Darfur people. I was born here in Darfur.

EIR: You are a Darfurian.

Kibir: Yes. I am from an African tribe—my tribe is the Barti.

1. In further discussion, Kibir identified U.S. UN Representative Susan Rice as personally responsible for the new strategy of criticizing and weakening UNAMID.

GLASS-STEAGALL OR DIE

Budget Cuts Are Dismantling America's Cities and States

by Carl Osgood and Nancy Spannaus

Feb. 10—During periods of great crisis in the ancient past, great cities and civilizations have been literally wiped off the map, as a result of catastrophes such as floods, invasions, and plagues. Today, across the United States, a plague of budget-cutting, coming on top of the deindustrialization of the nation, is threatening to have precisely the same result.

Faced with a devastated revenue base which has no prospect of significant improvement, cities and states are currently cutting the most fundamental services upon which urban life depends. Police departments, fire departments, and public-health departments are being savaged to the point that some urban centers are near becoming no-man's lands of crime. Constrained by law from running at a deficit, these government entities are effectively committing suicide.

There is an alternative, of course. That alternative lies in these localities demanding Constitutional *Federal* action to free the nation's banking system of illegitimate gambling debts (through reimposing Glass-Steagall), and then, to issue the necessary credit to both support the states, and to launch massive infrastructure projects which will rebuild the productive base of the economy. No moral government official would choose to kill the citizens under his jurisdiction, and the basis for that jurisdiction's very existence, when he or she had a chance to gain the resources needed. It just so happens, in this case, that that chance depends upon a political fight to change Washington's policy—one that

most local leaders, out of incompetence, evil, or fear, have been loath to wage.

The Case of New Jersey

One of the most dramatic examples of this process is the state of New Jersey, once one of the most prosperous in the nation. Having lost over 245,000 jobs over the last decade, and under the tax and budget-cutting spree of Republican fiscal-austerity fatboy, Gov. Chris Christie, New Jersey is now among one of the most financially strapped and devastated states of the union.

The budget-cutting mayhem extends from one end of the state to the other—major cities affected include Newark, Paterson, Elizabeth, Jersey City, Trenton, and Camden. We'll start with Camden.

Camden, the ninth-largest city in the state and, reportedly, the city with the highest crime rate in the nation in 2009, made headlines on Jan. 18, 2011, when the city fired almost one-half of its 370 police officers, one-third of its 220 firefighters, and about 100 other city employees. The 383 layoffs amounted to one-quarter of the city's workforce, with public safety taking the biggest hit.

The ostensible reason for these layoffs was the \$26.5 million deficit in the city budget, and according to Mayor Dana Redd, the city had no choice but to proceed with the layoffs, after the unions representing city workers failed to come up with the wage and benefit concessions that the city was demanding. Governor Christie called



Camden, N.J. (above) has the distinction of having the highest crime rate in the U.S. (2009); yet, under the brutal “deficit reduction” policy of Gov. Chris Christie, hundreds of police and firefighters have been laid off. The former industrial city, whose New York Shipbuilding (right) once employed 40,000 workers, was shut in the 1960s, and it’s been downhill since then.

Redd’s actions “strong” and “bold,” declaring that “We have to continue to be fiscally responsible.”

Camden’s decline began in the 1960s, with the closure of the shipyard of New York Shipbuilding. At its height during World War II, New York Ship employed 40,000 skilled workers, in what is reported to have been one of the most innovative shipyards in the world. Its closure was followed by the abandonment of Camden by electronics manufacturer RCA Victor and the Campbell Soup Company. The long decline of Camden included race riots in the 1970s, and financial collapse that has led to state receivership at one time or another. Today, Camden’s tax base is only capable of providing about 25% of the revenues that the city needs to operate. Without addressing the underlying national physical economic collapse, the dark age policy of budget cuts and layoffs is the only option being presented to Camden and every other city.

Christie ruled out any other consideration when he was challenged by a LaRouchePAC supporter and LaRouche Congressional candidate Diane Sare on the need for Glass-Steagall and emergency Federal aid to the states, during a Jan. 14 town hall meeting in Para-

mus. Christie dismissed Glass-Steagall, arguing that Franklin Roosevelt wasn’t faced with the \$14 trillion in Federal debt of today, and therefore, Glass-Steagall is irrelevant. “Our revenue has been going down every year for the last, almost four years, now,” he said. “When that happens, we have a constitution that says we



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must balance our budget. . . . We can’t print money. We can’t run deficits. So, I gotta get in there and do the cutting, because if I don’t, the only alternative I have is to raise your taxes, again, and I didn’t run to do that.”

Christie’s bestial attitude was exposed further when he asserted his opposition to Federal aid to the states, on the basis that the states were allegedly involved in “profligate spending” (a video of the exchange can be seen in its entirety at <http://www.larouchepac.com/node/17193>). Meanwhile, Christie has moved to put caps on local tax increases, slashed state contributions to municipalities, and infamously vetoed a tax on millionaires in last year’s legislative session.

Christie’s policy position was echoed at the U.S. Conference of Mayors annual Winter meeting, held in Washington, D.C., Jan. 19-21. According to LaRouchePAC organizers who were present, Chicago’s



N.J. Governor's Office/Tim Larsen

Under the tax and budget-cutting spree of Republican fiscal-austerity fatboy, Gov. Chris Christie, New Jersey is now among one of the most financially strapped and devastated states of the union.

Mayor Richard M. Daley took the same approach, during a Jan. 19 panel discussion on the fiscal crises facing municipalities. Daley forcefully expostulated against a Federal option to the current policy of austerity, arguing that, since neither the cities nor the states can issue sovereign credit, which only the Federal government is privileged to do, the only alternative is to seek credit from the private sector. Daley, of course, has already taken Chicago down that road, with the 99-year lease of the Chicago Skyway to a private corporation, and the privatization of other city infrastructure.

Cost-Cutting Compromises Public Safety

Camden is the most advanced case of decay, but is hardly the only city heading in that direction. In New Jersey alone, dozens of cities have been forced by Christie's insistence on "fiscal responsibility," to drastically reduce city services, and lay off up to hundreds of city employees.

Newark laid off 167 police officers, on Nov. 30, and while there have been no layoffs in the fire department, the city has lost 125 of 550 firefighters through attrition since December of 2009. On Jan. 26, the layoffs of 82

police officers in Jersey City were averted when the police union approved a package of wage and benefit concessions, but the deal does nothing to address the underlying economic problem. On Jan. 11, the mayor of Paterson recommended laying off 150 police officers as part of an effort to close a \$54 million budget deficit. In December, the city of East Orange approved a plan to lay off 82 employees, including 31 police officers and 16 firefighters. The New Jersey Police Benevolent Association estimates that 2,200 police officers were taken off the streets of the state in 2010 alone.

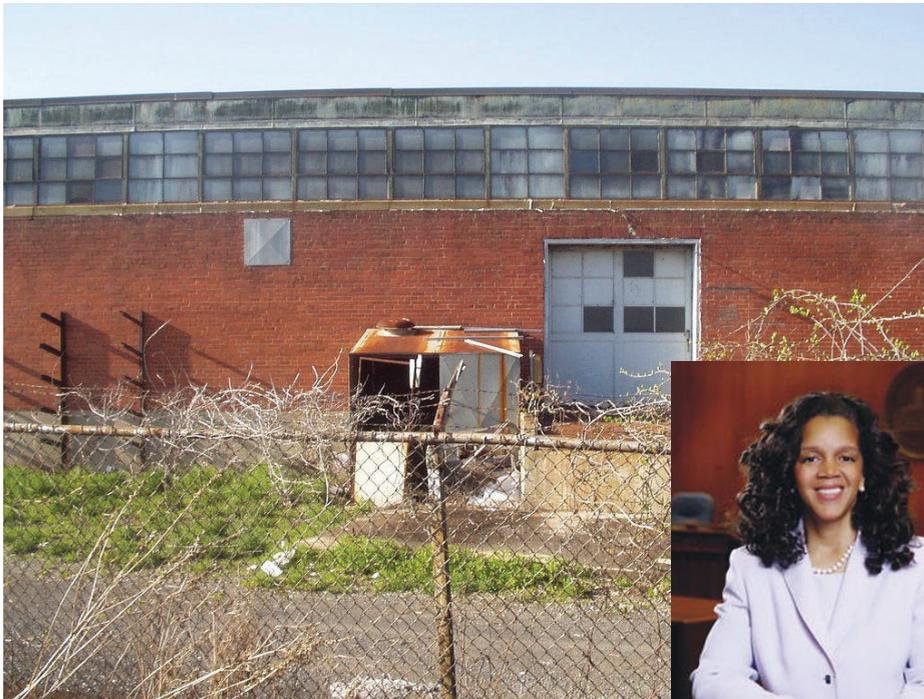
The pattern of police layoffs and rising crime rates caused the chairmen of the state legislature's two public safety committees to issue a joint statement on Jan. 4, calling on Christie and Attorney General Paula Dow to address the 14% increase in the number of homicides in New Jersey.

The Newark *Star-Ledger* reported two days before, that there were 364 homicides in the state in 2010, compared to 320 in 2009. The two lawmakers, Sen. John Girgenti of Passaic and Assemblyman Gordon Johnson of Bergen, warned that statewide police layoffs and a stagnant economy could lead to continued increase in crime, and asked the Christie Administration to come up with a plan to deal with it. "While the spike in homicides this year is truly disturbing, it is not altogether surprising, especially given the significant cuts in state aid that are causing massive layoffs in law enforcement in some of our largest cities," they wrote. "Cost-saving measures cannot trump public safety in the end."

The Law and Public Safety Committee held a hearing Feb. 7 on the impact of police and fire department layoffs on public safety. The panel heard from police officers, fire fighters, and the fiancée of a Lakewood police officer killed in the line of duty on Jan. 14.

Newark Detective Jim Stewart told the committee that while Mayor Cory Booker had said that the city "wouldn't miss a beat" despite laying off 167 police officers, the truth is otherwise. He said that department figures from Dec. 4 to Jan. 30 showed increases of 50% in murders, 38% in robberies, 66% in shooting incidents, 118% in shooting victims, and 400% in carjackings from the same period in the previous year.

Richard J. Buzby, Jr., the police chief of Little Egg Harbor Township, a suburb of Atlantic City, which laid off 11 police officers last October, said he was convinced that criminals have been taking advantage of the situation. "Absolutely there's people that take advantage. It's been publicized pretty widely that we and



Creative Commons/TheRoss

Harrisburg, Pa. Mayor Linda Thompson (inset) allowed the city's \$56 million budget pass into law without her signature: "I firmly believe that the 2011 budget ordinance . . . will endanger the health, safety and welfare of the residents of the Capital City and therefore I could not sign it as is," she said in a statement. Shown: urban decay in Harrisburg.



towns near us have undergone cuts," Buzby said. "We had 18 burglaries in January compared to five last January. We also had two strong-arm robberies this January, which is a type of crime we don't usually see, and is very concerning."

The most dramatic moment in the hearing apparently came with the testimony of 24-year-old Kelly Walsifer, the fiancée of Lakewood police officer Christopher Matlosz, who was killed by a gang member on Jan. 14; she reportedly shamed everyone in the room into silence. Legislators have been considering bills to increase penalties for gang-related crime, but, Walsifer said, "if there are more anti-gang laws, how can we lay off more cops?"

Nationwide

Cost-saving measures *are* trumping public safety nationally. Oakland, Calif., which made national headlines last July, when it laid off 80 police officers, or about 10% of its force, saw a 22% increase in shootings in 2010. It would have seen an increase in homicides as well, except for the work of trauma surgeons in the

city's main hospital. Gary, Ind. laid off 30 of its firefighters at the end of December, reducing its force by 20%. The fire department had already been so chronically underfunded, that 6 or 7 of its 13 fire trucks were typically out of service for mechanical problems each day.

On Jan. 18, Harrisburg, Pa. Mayor Linda Thompson allowed the city's \$56 million budget to pass into law without her signature, characterizing it as dangerous. "I firmly believe that the 2011 budget ordinance, as amended by the Harrisburg City Council, will endanger the health, safety, and welfare of the residents of the Capital City; and therefore I could not sign it as is," she said in a statement. She said the

budget passed by the council didn't include some mandatory expenses, including firefighters' salaries and benefits, and that vehicles would run out of fuel during the year.

On top of these public safety cuts, there are the slashes in basic public health and safety net budgets, particularly Medicaid, which now makes up the largest, or second largest (compared to education), part of state budgets. These cuts will *kill*, as they already have in Arizona, where one of the Medicaid cuts was the refusal to pay for organ transplants that had already been approved for a number of donors. Two of the people on the formerly approved list have already died, as a result of being given a death sentence by budget cuts.

The sea change in policy required to stop this devastation, as LaRouchePAC organizers are hammering the point around the country, starts with cancelling the bail-outs of gambling debts, which are bankrupting the system, and preventing the crucial supports for the states. Franklin D. Roosevelt provided that kind of support within his first 100 days in office, at the same time that he was imposing bank regulation, including Glass-Steagall. A sane population will reject national suicide, and demand that action again.

The IMF Board Must Resign!

by Helga Zepp-LaRouche

Helga Zepp-LaRouche, Chairwoman of the German Civil Rights Solidarity Movement (BüSo), issued this press release on Feb. 10. It was translated from German.

In view of the scandalous incompetence of the total International Monetary Fund leadership, the organizational structure as well as its overall analysis and working methods, which the IMF internal Independent Evaluation Office (IEO) has practically certified, the only conclusion can be the immediate resignation of the entire IMF Board, as well as its leading associates. Or, they must provide proof that they are ready to correct the mistakes they have made.

Whether deliberately, or by coincidence, the IEO report reads like a defensive excuse for the abject failure of the Fund in the face of the totally appropriate accusations which had been raised two weeks ago in the Angelides Report, a.k.a., the Financial Crisis Inquiry Commission (FCIC) report, of the U.S. Congress, on the causes of the global financial crisis. The report, following an 18-month investigation, came to the conclusion that the global financial crisis could have been avoided, and that it was the result of human actions and omissions, and *not the work of Mother Nature, or computer models gone crazy*. The report names the repeal of the Glass-Steagall standard under former Fed chairman Alan Greenspan, and the resulting deregulation of the financial markets, as well as the total failure of financial institutions and regulatory agencies, as the main causes for the crisis.

The Angelides Report confirms, 100%, all the forecasts and analyses which my husband Lyndon LaRouche made in connection with the financial crisis. You can find a precise comparison of the investigative conclusions of the Angelides Commission and LaRouche's forecasts and analyses in *EIR*, Feb. 11, 2011, p. 34 (http://www.larouchepub.com/eiw/public/2011/2011_1-9/2011-06/pdf/34-43_3806.pdf).

A Long List of Admissions

In the 50-page IEO report, which was published on the Internet, the following amazing list of admissions can be found: The IMF was incapable of recognizing the risks in the financial system and issuing the appropriate warnings; it exhibited analytical weaknesses and organizational structural problems; it reflected group think, intellectual bias, false assumptions, and faulty analytical methods; lack of cooperation among departments; unclear lines of responsibility; dread of making critical statements; failure of supervisory bodies and avoidance of problems; organizational blindness; exclusive acknowledgement of information which coincided with prevailing expectations; gaps in knowledge, such that risks and weaknesses were no longer recognized; a mistaken conceptual system for explaining the connection between macroeconomic processes and the financial sector; stereotyped thinking, indoctrinated resistance against advice from the outside; a mentality of accommodation; and lack of punishment or penalties in the case of mistakes made on the basis of accepted assumptions.

In any normal firm, associates to whom the cited incapacities were attributed, would be immediately fired, or moved to a position where they could do no further harm.

The IMF has caused immense harm with its brutal conditionalities in many countries. The most dramatic example of the total failure of IMF policies is currently Egypt, where the Mubarak government has been foolish enough to carry out the Fund-mandated full privatization program, with the result that the precious national patrimony was sold off cheaply to foreign investors, unemployment stands at 30%, and poverty and hopelessness have become unbearable, above all among youth. The result is the foreseeable explosion now ongoing. The bitter poverty of billions of people throughout world is also the result of the incompetence of the IMF.

The comment of IMF head Dominique Strauss-Kahn, that the Fund has honestly acknowledged the mortifying fact of the failure, and promptly responded, is, after a three-and-a-half-year crisis, without any real countermeasures, really, a bad joke.

There is only one way that the IMF Board can show that it wants to correct its serious and multifaceted errors: It must support the immediate restoration of a global Glass-Steagall standard. Otherwise, resignation is the only option.

‘Extended Sensorium’ Appendices

by Jason Ross

The Feb. 4 issue of EIR featured a report by Lyndon LaRouche’s “Basement” research team: “The Extended Sensorium,” which covered a number of paradoxes regarding the division of the so-called “five senses,” and discussed some other senses possessed by various animals. Here, we publish two follow-up articles on the ironies of the senses of touch and smell. The sensation of touch stands out as being a very mixed sense: temperatures, pressures, itches, and vibrations are all handled by distinct receptors, and can be said to truly be different sensory modes. The mind combines these sensations, along with other senses like sight, to piece together an understanding of the world, making touch a microcosm of the human thinking process in general. Smell presents its own unique features. It can truly be said to be the “first” sense developed by life, and has a very deep connection to emotions and memories in human beings.

A Touching Subject

*The weight of this sad time we must obey,
Speak what we feel, not what we ought to say.¹*

The possibility of differentiating our senses comes from our ability to determine the means by which they are aroused. The game of peek-a-boo teaches babies that although their eyes may be covered, the world they see does not disappear. The connection between one

1. William Shakespeare, *King Lear*

aspect of understanding one’s surroundings, and the eyes, is developed: Vision is not reality.

The different perception of an object when it is placed in the mouth shows the mouth to be a location of particular sensibility. Objects not in the mouth do not have the same richness of perception as when they are in contact with the tongue. This can be a fun game for a baby, separating an object’s taste from its other qualities, and learning that their fingers cannot taste.

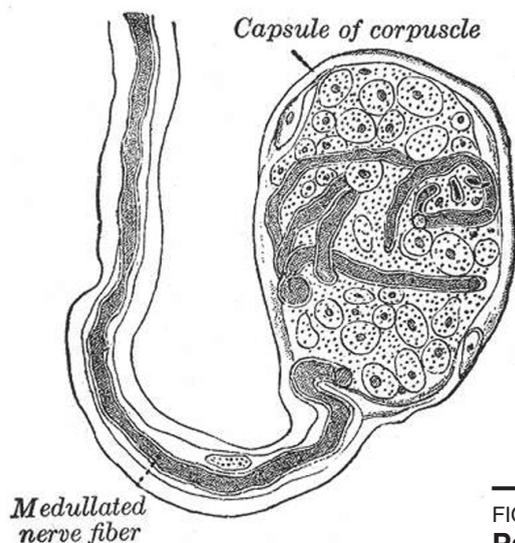
A childhood cold teaches the differences and connections between taste and smell: Foods taste different, although the tongue itself is unimpaired. Similarly, playing with the ears teaches of their function. Touch functions only when one’s body is in contact with an object. Thus, the body, the world beyond, and our means of learning about it, become consciously differentiated.

Although the sensory organs can be differentiated, the perceptual distinctions between the senses may be blurred.² The strong connection between smell and taste is possibly the clearest example. The McGurk effect reveals a connection between hearing and vision, and experiments with artificial colors and tastes indicate that even vision has a huge impact on our sense of taste.³

2. See Oyang Teng, “Synesthesia: Beyond The Five Senses,” *EIR*, Feb. 4, 2011, p. 6 (<http://www.larouchepac.com/node/17200>).

3. The McGurk Effect is seen in the creation of a film in which the video is a person enunciating *fa* while the audio is the same person saying *ba*. Amazingly (and somewhat infuriatingly), even when he knows the trick, an auditor cannot help hearing *fa*. Taste-tests with food colorings and flavors demonstrate that when tastes are combined with unexpected colors, they are misperceived. For example, a yellow glass of sweet fluid that is

FIGURE 1
Krause's Corpuscle



Gray's Anatomy

Synesthetes⁴ have more pervasive connections between sensory functions, often involving color and letters. For them, the shape and color-aspects of vision are not separable, as they are in other people, and some shapes are connected with characteristic colors. Although we have knowledge of the different sensory organs, their connection in the mind, developed through habituation, can be difficult to then separate.

Touch

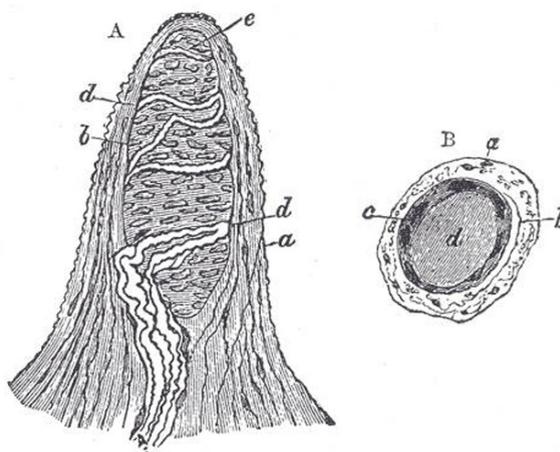
Although touch is considered a single sense, it is itself a blurred combination of a variety of entirely different receptor modalities. Just as our single sense of vision actually makes use of four different light-receptor cells, our sense of touch involves no less than eleven different receptors!⁵ Compare the perceptual categories—viewed objects may be described as red, globular, smooth, or large—descrip-

strawberry-flavored may be perceived as tasting like lemonade!

4. Teng, op. cit.

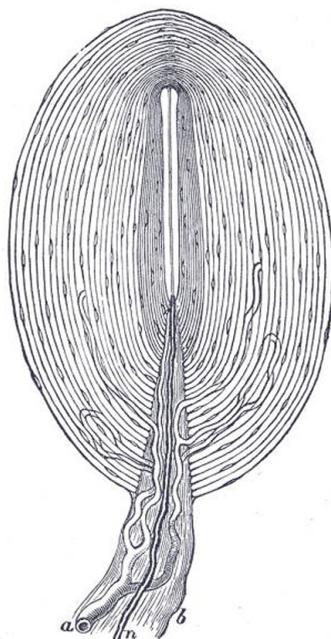
5. Known receptors include: hair follicles, Ruffini endings, Krause's corpuscle, Pacinian corpuscles, Meissner's corpuscle, free nerve endings, Merkel cells, proprioceptors, heat receptors, cold receptors, and the otoliths.

FIGURE 2
Meissner's Corpuscle



Gray's Anatomy

FIGURE 3
Pacinian Corpuscle



Gray's Anatomy

tions which, to some degree, represent the differentiated aspects of visual construction: shape and color, for example. The language of touch includes such descriptions as rough, smooth, sharp, hot, cold, vibrating, heavy, which more directly reflect the varied nature of touch: There are more distinct categories of perception.

Totally different receptors inform us of maintained pressure as opposed to initiated or released pressure. The pressure receptors in the lips and tongue (Krause corpuscles) differ from those in the fingertips (Figure 1). Low-frequency vibrations have two receptors dedicated to them, located deeper within the limbs and body. The Meissner corpuscle (Figure 2) is found only in hairless skin, and is most sensitive to very low frequencies (20-40Hz). The Pacinian corpuscle (Figure 3) is found throughout the skin, and responds to higher frequencies (150-300Hz).

Pain and damage (and itching!) have their own receptors, whose nerve impulses travel an order of magnitude slower than the others, along non-myelinated nerve cells.⁶

Heat receptors are active at temperatures above 86°F, and cold receptors are activated below 95°F. Al-

6. This is why, if you stub your toe, you feel the event first, and then the pain follows a measurable (short) time afterwards.

though their distribution varies over the body, cold-receptors are more numerous. These senses can be fooled with the familiar warm-water experiment: The subject starts with one hand in cold water and the other in hot water, and then places them both in the same container of warm water. A difference-based perception arises—the formerly hot hand feels the water as colder than the hand that was previously in cold water. At very high or low temperatures, these receptors are inactive, and pain is the only indication of extreme temperatures. A person born without pain receptors may be able to feel normal warmth, but be oblivious that his hand is burning. Anesthetics can serve to separate the different sensations: One can feel the pressure of a scalpel cutting the skin, but neither its sharpness nor the usually attendant pain.

The body even feels itself internally. A blindfolded test subject, allowing her arm to hang loosely, can tell the orientation of her arm when it is moved around her, even if quite gently. The knowledge does not come from pressure on the skin, since this experiment can be performed even with an anesthetic. Receptors inside the muscles, tendons, and joints allow the mind to make such determinations. This sense is called propriocep-

tion, meaning self-perception.

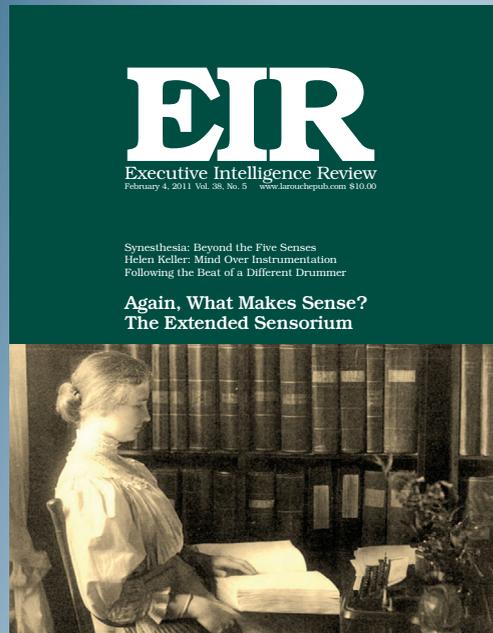
When the head is moved in different directions, structures within the inner ear respond, allowing us to maintain a sense of which way is up. Spinning in circles can confuse these structures, causing dizziness and disorientation. Proprioception lets us determine how heavy an object is: Both the pressure against the hand, and the effort needed to hold it become one sensation of weight.

In his book *The Man Who Mistook His Wife for a Hat*, neurologist Oliver Sacks relates the story of a woman who lost her sense of proprioception due to a viral infection in her spinal cord. Without the ability to know the orientation of her feet, legs, and body, she was unable to walk. After lengthy physical therapy, and learning to walk with a mirror, using her eyes to tell her what her proprioception used to, she was able to walk, although only with total concentration and great difficulty. Speech, too, was quite difficult, as she could no longer feel her vocal apparatus, and had to learn to use her hearing as the primary feedback mechanism. She also had difficulty understanding how firmly she held objects, since the tension of the muscles (proprioception) was no longer available to her.

The Extended Sensorium

The LaRouche Basement Team explores the extended powers of sense-perception, beyond the limits of the five ordinary senses. This provocative report, commissioned by Lyndon LaRouche, was featured in EIR, Feb. 4, 2011:

- **Synesthesia: Beyond the Five Senses**
- **Helen Keller: Mind over Instrumentation**
- **Following the Beat of a Different Drummer**
- **Polarization Sensitivity: A Strong and Weak Sense**
- **What is Polarized Light?**
- **Insects and Infrared**
- **Magnetoreception**
- **Unheard Melodies: Electric and Magnetic Senses in Humans**
- **The Sounds of a Cosmic Chorus**





Therapeutic effects may be evoked by touch; for example, studies show that gentle touching and skin contact can be beneficial to the health and development of in premature babies, who are often confined to incubators, as seen in this photo.

The case of amputees provides further insight into the sense of touch. Many of those who lose a limb continue to feel its presence, and, unfortunately, this perception may be one of great discomfort or pain. Without an actual limb to treat or soothe, the condition can be maddening, and analgesics are not always effective. One treatment involves using a mirror box to give the patient the visual impression of, once again, having both limbs. Therapy applied to the existent limb can provide relief for the phantom limb. Even simply moving the real hand can give a surrogate sense of proprioceptive motion for the phantom one, which can be helpful.

Other Uses of Touch

Touch can be used as a form of mechanical communication. In technological situations, this is usually referred to as haptic feedback. One application is the development of prosthetic limbs. An artificial arm, for example, may use muscle motions in the chest to activate its motions, and may provide pressure and other feedback to the skin of the chest.⁷ Additional applications have been tested for pilot feedback via a tactile harness, providing such information as altitude or bearing, and for the replacement of eyes for vision. Blind people have successfully used tongue-vision, a technol-

7. Aria Pearson "Woman with bionic arm regains sense of touch," *New Scientist*, February 2007.

ogy by which a camera transmits an image to the tongue via electrical impulses. The shape of the impulses on the tongue provides a replacement for the non-functioning optical system.⁸

Therapeutic effects may be evoked by touch. Premature babies, often confined to incubators, receive little emotional touch, but studies show that gentle touching and skin contact can be beneficial for their health and development. Touch and hearing are two senses from among those they will develop later that are available to the embryo in the womb. Simple non-intimate physical contact with another human being has significant effects on mood and well-being. Tests show that simple touch, such as "accidentally" brushing a subject's hand in an encounter, lead to greater enjoyment of the situation, even if the subject did not particularly note the event. A

server who gently touches the patrons' shoulders in an informal dining environment can typically expect slightly larger tips. A massage therapist can report that part of the beneficial effects of massage are not the effect of pressure on muscles and tissues: It is the simple fact that it is human touch. For this reason, mechanical massage devices do not provide the same benefits.

Hardly a single sense, touch operates as a microcosm of our sensory apparatus as a whole: Different types of biological receptors are used by the mind to piece together an overall conception of the surrounding world. Discovery of the ironies between the reports provided by different receptor modalities provides the opportunity for new insights into the processes that act upon the parts of our bodies that are particularly sensitive to them, and thus, we learn more of the world that lies beyond our senses.

The human mind need not express knowledge as correlated patterns of stimulation of sensory tissues: Our reflection upon the cause of these stimulations finds answers in the intentions that we use to compose the way we act on the world around us. Statistical modeling is akin to studying patterns of activity in sensory organs, rather than the actual world revealed by true science. Although the universe is not sensible, it does make sense.

8. As an interesting display of plasticity, the portion of the brain primarily involved in processing visual information is active in blind people when reading in Braille.

The Ironies of Smell

by Jason Ross

The sense of smell is absolutely unique in its evolutionary primacy, its emotional power, and the heterogeneity of the impressions it provides. At its inception, what was to become the sense of smell, was simply the ability of life to respond to its surrounding environment. Bacteria moving towards higher concentrations of food sources are using what can be considered a sense of smell, just as a dog following a trail is smelling its path. The simple sense of smell of the bacteria still exists in complex life in a new form: the internal regulation of bodily processes by means of chemical messengers. Just as river-spawning ocean fish recognize their birth stream by smell, so may people be brought back to memories of childhood by the smell of a familiar house, town, or food. The rich variety of smells, not simply of different shades, but of wholly distinct types and characters, makes the field of smell one that is uniquely difficult to categorize, quantify, and describe, and one that is singularly rich.

Internal Communication

Bodily functions and processes are regulated in a number of ways. Voluntary activities and conscious sense perceptions involve the central and somatic nervous systems. However, most of the involuntary activities of the body are controlled by the separate autonomic nervous system, including: retinal dilation, urine production, heart rate, saliva production, digestive gland activity, the opening and closing of gastrointestinal valves (sphincters), and sweating. These behaviors are controlled by nerves, but not by the brain. In addition to control via nerve impulses, there is also a hormonal chemical regulatory system, known as the endocrine system.

Endocrine regulation does not involve direct nervous connections to the affected tissues. Rather, chemicals known as hormones are secreted into the bloodstream, where they come in contact with all organs, and can cause their activity to change. This form of internal communication is similar to the types of communication available to simpler creatures. Absolutely all or-

ganisms respond to their chemical surroundings. With the development of multi-cellular life, a distinction between *inside* and *surface* cells of the organism could be made. Thus, in addition to environmental chemical detection and communication between organisms, it was now possible for life to have an internal environment, both from a stable nutritive standpoint, and an internal regulatory environment. By changing the internal environment, cycles in the organism can be regulated.

The human endocrine system has major glands in the brain, and in the thyroid, kidneys, pancreas, and gonads. Familiar hormones released by these glands include growth hormone, melatonin (sleep regulation), thyroxine and triiodothyronine (overall metabolic rate), insulin (glucose uptake from the blood), adrenaline, androgen, and estrogen.

The Physiology of Smell

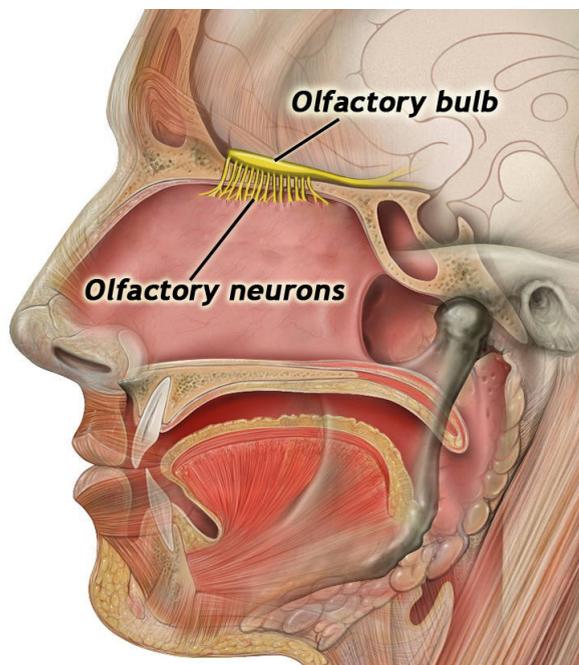
While it is said that we smell with our noses, the actual detection of scents occurs about three inches beyond our nostrils, deep in the nasal cavity. There, a small structure known as the *olfactory epithelium*, containing 10 to 40 million olfactory receptors, does the work of smelling.¹ Each olfactory receptor is a neuron with a dozen ciliate tips that extend into a patch of mucus lining the nasal cavity (**Figure 1**). These neurons do not live long: After one to two months, they die and are replaced by a new receptor grown from a stem cell.²

The way that the ciliate tips respond to odorants is not totally clear, although the most pursued hypothesis is that chemical receptors respond directly to particular odorant molecules. Hundreds of different receptor proteins have been identified in mice; and each neuron may have several, thus determining its sensitivity. The olfactory neurons pass through the skull and congregate in the olfactory bulb, part of the brain. They then pass directly to the olfactory cortex, without passing through the thalamus, as the other senses do. This makes smell anatomically unique among the senses, in its connection to the cortex.³

In trying to determine how these individual receptors make the tens of thousands of distinct smells we

1. Sources vary in the number of receptors.
2. Although this is presented as an anomaly for nerve cells, which are said not to reproduce, this phenomenon is increasingly found to be more common in the body than once thought.
3. Additionally, the olfactory bulb itself has connections with the hippocampus, amygdala, and hypothalamus.

FIGURE 1



After Patrick J. Lynch

Unlike what we perceive with our vision, smells are notoriously difficult to describe, despite the fact that the sense of smell has been central to the development of life. Shown: the human olfactory equipment.

can recognize, HHMI (Howard Hughes Medical Institute) investigators discovered a structure not in the distribution of receptors in the olfactory epithelium itself, but rather in the olfactory bulb. It appears that similar receptor neurons converge to the same portion of the olfactory bulb.⁴

In addition to the main olfactory epithelium, many animals have separate organs in the nasal cavity that perform a second function like smell. Known as the vomeronasal organs (VNOs), these structures have a different connection to the brain, connecting to auxiliary olfactory bulbs rather than the cortex, and may indeed cause changes unconsciously. Some animals must make an effort to cause air to enter the VNOs, such as the behavior known as *flehmen*, performed by deer: This involves raising the head and curling the upper lip.

Experiments with animals have revealed molecules known as *pheromones*, picked up by the VNOs, often involved in mating behavior and social identification. For example, one study with hamsters revealed that the

VNOs are required for the animals to first become sexually active.⁵ It seems that VNOs may function analogously to an inter-organismic endocrine system, regulating the social cycles of populations of animals.

The question of human VNOs, although interesting, is not yet settled. Small pits, with what appear to be VNOs, can be found in most humans, but a nervous connection to the brain has not yet been clearly identified. Unfortunately, much of the research done is funded by companies that market human pheromones in perfumes and colognes, making it difficult to gauge the reliability of the studies. The reported synchronization and entrainment of human menstrual cycles may involve VNO sensitivity.

Describing the Power of Smell

Smells are notoriously difficult to describe, and almost impossible to convey to someone who has not experienced the same smell in the past. This is very much unlike vision, where, although different objects may appear totally different and distinguishable, the domain of their possible appearances can be ordered. The different shades and tints of colors can all be described, and understood as a continuum, allowing them to be used as a verbal palette for painting an image. Sounds, although more difficult, can also be described, at least in terms of intensity, duration, and pitch. Similarly, although touch is itself a multifaceted sense, there is a continuum in each of its identifiable aspects.⁶

But, when it comes to smells, we find that besides indicating intensity, we simply lack a language to describe the domain of our perceptions; we have to describe either the effect of the smell upon us (stinky, pleasant, refreshing), or refer it to our experientially developed smell-vocabulary (citrus, rose, fetid, sweet). Although continuous variations may appear for certain similar smells and tastes, as Helen Keller noted, no conceptual space for *all* smells has been developed, at least not in popular understanding or discourse. Indeed, since different odors are so unique, smell has been an important part of chemistry, as a tool capable of distinguishing different substances, particularly organic ones. Enantiomorphic pairs of molecules may be difficult to

4. See the excellent HHMI report at: <http://www.hhmi.org/senses/>

5. Triggers of Innate Behavior. <http://www.hhmi.org/senses/d220.html>

6. That is, although temperature and texture are independent components of what is called touch, each of its components has its own reasonably complete lexicon.

distinguish chemically, but the nose has no trouble distinguishing many such pairs.⁷

Perhaps it is the uniqueness of smells, in addition to their direct connection to the cortex, that allows them to evoke memories with such power. A long-forgotten scent, once experienced anew, can bring back a flood of memories of people, places, and events in the past, in a way that no other sense can: or, at least, not in so unexpected and surprising a manner. An oft-cited example of this is by author Marcel Proust, who wrote in *The Remembrance of Things Past*:

No sooner had the warm liquid mixed with the crumbs touched my palate than a shudder ran through my whole body, and I stopped, intent upon the extraordinary thing that was happening to me. An exquisite pleasure had invaded my senses, something isolated, detached, with no suggestion of its origin. . . .

Suddenly the memory revealed itself. The taste was of a little piece of madeleine which on Sunday mornings . . . my Aunt Léonie used to give me, dipping it first in her own cup of tea. . . . Immediately the old gray house on the street, where her room was, rose up like a stage set . . . and the entire town, with its people and houses, gardens, church, and surroundings, taking shape and solidity, sprang into being from my cup of tea.⁸

Human Experimentation

Interesting aspects of human smell have been explored in a small variety of experiments, covering subjects such as the smell of infants, emotional smells, and the courtship aspects of smell. Studies show a familial identification ability: Adults given the scent of a recently born nephew, niece, or grandchild, along with the scents of other infants born at the same time, are able to identify their relatives, despite not having met them before.⁹ Some studies of the kinds of scents that people find to be attractive, reveal that there is a

correlation between the nature of an individual's immune system and the attractiveness of his or her scent.¹⁰

The major histocompatibility complex (MHC) is involved in marking body cells as belonging to the body, making it easier to detect intruder cells. The scents of people with different MHCs are found to be more attractive, while those with similar MHCs reminded women of their brothers or other male relatives. These are not just preferences in choosing a spouse: MHC-similar couples are more likely to suffer miscarriages.¹¹ Apocrine glands produce both scents and a substrate that bacteria consume, creating smells. Those of men are larger than those of women, and are particularly active when emotional, such as at times of nervousness. Smell really can be a guide to emotional states.

Because of the intense power of smell, it is also studied for crowd-control applications. Rather than studying gases that actually cause pain in the nose (experienced via the trigeminal nerve), the Monell Institute has been developing a ill-smelling brew they call "stench soup," which is so foul that absolutely no one would want to be anywhere near it.¹²

Conclusion

The great variety of distinct smells, and the olfactory epithelium's direct connection to the cortex, make this sense powerful emotionally, in ways that are both conscious and unconscious. Compositions of smells and tastes (cooking skills) have their own harmonic aesthetics, that can be recognized even in food cultures unfamiliar with them, but these harmonic compositions have not been successfully used to communicate concepts or a quality of mind in anything more than a symbolic way. If this were possible, and developed, then cooking could truly be said to have become an art. Until then, smell serves us in many hidden ways, strengthening our memories, communicating our states of mind to others, and, possibly, altering our social dispositions.

7. For examples, see "Chirality and Odour Perception" at http://www.leffingwell.com/chirality/cyclic_terpenoid.htm

8. Marcel Proust, *À la recherche du temps perdu*, 1913; English translation by C.K. Scott Moncrieff, 1922.

9. Peter K. Brennan and Keith M. Kendrick, "Mammalian Social Odors: Attraction and Individual Recognition," *Philosophical Transactions: Biological Sciences*, Vol. 361, 2009, pp. 2061-2078. <http://jstor.org/stable/20209801>

10. The performance of these experiments also reveals a social preoccupation with sex.

11. See Brennan and Kendrick, note 7; and F. Bryant Furlow, "The Smell of Love." First published March 1, 1996; last updated Aug. 13, 2010. Accessed at: <http://www.psychologytoday.com/articles/200910/the-smell-love>

12. This differs from currently used gases, which actually cause pain to the nasal cavities.

BÜSO PARTY CONGRESS IN BERLIN

We Are Paying for Bank Bailouts with Human Lives

by Helga Zepp-LaRouche

At the Berlin state convention of the Civil Rights Solidarity Movement Solidarity (BüSo) on Jan. 29, Helga Zepp-LaRouche, the party's national chairwoman, gave the following keynote speech. It has been translated from German, and a video can be viewed at <http://bueso.de/node/9558>.

Dear BüSo members, distinguished guests:

We will be waging this mayoral campaign¹ not only in Berlin, but we will make it a national campaign, whose purpose is nothing less than to save Germany from this unprecedented crisis in which the entire world finds itself—and not Germany alone, but to save civilization.

Do not proceed from the assumption, that at the moment, our numbers are few, but rather that the BüSo—unlike the government, unlike the opposition parties in the Bundestag—is the only force in Germany with the ideas that can save the country. Therefore, we are no small party or small organization, but the most important force of all, from the standpoint of mankind's chance to get out of this crisis.

1. See "BüSo Party Congress: LaRouche Movement Launches Campaign for Germany," *EIR*, Feb. 11, 2011, p. 49, for a report on the BüSo candidates, including Stefan Tolksdorf's campaign for Mayor of Berlin.



EIRNS/Sergei Strid

Helga Zepp-LaRouche addresses the Berlin congress of the Civil Rights Movement Solidarity (BüSo) on Jan. 29.

For it is perfectly obvious that Chancellor Merkel and the other members of the government have no grasp of the nature of the crisis. If proof of this were needed, one need only contemplate the recent speeches by Merkel and French President Sarkozy at the World Economic Forum in Davos, where they vowed to do everything in their power to save the euro. But the euro is not

worth saving, as will become quite clear from what I will say today.

The problem is that we are not facing a normal cyclical crisis, or a slight, unpleasant turn of events; we are very far advanced toward a global breakdown crisis, which poses the danger that the chain-reaction collapse that has already begun, which we see now in North Africa, for example, which we see in Greece, which we see elsewhere—that this is leading to a disintegration not only of whole regions, but of the entire global situation.

Above all, we are at the brink of hyperinflation which, unlike that in Germany in 1923, would not be confined to one country, but thanks—or no thanks—to globalization, will affect the entire world.

Explosions are already taking place as a result of this inflationary development, even though the situation in the Maghreb—i.e., in North Africa—is complex. The unrest first in Tunisia, Algeria, and Morocco, now the explosive situation in Egypt, were triggered by the increase in food prices, and demonstrators in Tunisia waved loaves of French bread in the air to draw attention to this situation. But the events in the Maghreb are no isolated phenomenon, but rather a manifestation of the fact that the whole world is facing disintegration.

The fact that we have reached this point, is the result of the policy that was introduced three and a half years ago, when one bailout package after another was cobbled together, supposedly, to save the completely worthless, fictional financial titles that were being continuously refinanced by the banks and the financial markets; in the United States alone, over \$17 trillion was dumped into this financial system, with similarly high figures in Europe and other regions.

That means that taxpayers' money was systematically used to plug the holes in the markets, to finance gambling debts. Because the people who had miscalculated in their high-risk actions, actually should have been forced to write off that money, whereas the governments declared their debts “system relevant” and kept on financing the gambling debts with tax revenues. What happened in these three and a half years, is that the debts of private investors—one could also call



Young protesters in Cairo, Feb. 1. When young people have no future and are hungry, revolutions happen.

Creative Commons/Monashosh

them speculators, high-risk speculators—became public debts, and state bankruptcies are now on the agenda.

Considering how high the outstanding debts are at the moment—which naturally nobody knows precisely, since there is no transparency—but the number cited by the French newspaper *Marianne*, for example, or by Jacques Attali, the former advisor to French President François Mitterrand, was \$1.4 quadrillion. That is between one and two thousand trillion, which is, in any case, an unimaginable sum; and if they try to honor these debts, hyperinflation is the only possible result. That is why the real economy has been destroyed, the whole social fabric of many nations has been undermined.

A very important point in the explosion in North Africa was the issue that the young people, some of them with quite skilled, some with good academic education, are absolutely convinced—just as in Portugal and Greece—that they have no future. And when youth have no future and are hungry, that is the stuff of which these processes are made.

On the other hand, the billionaires and millionaires have become richer; they are richer than they were three and a half years ago, and Wall Street talks about “Hedgistan.” Because some minimal regulation of the banks took place, high-risk speculation shifted from the banks to the hedge funds, holding companies, and similar in-

stitutions, which are now carrying on their high-risk speculation undisturbed, while the suburbs of New York, London, Zurich, and Frankfurt, where these rich people live, are called Hedgistan.

So now, we have a situation in which many people despair, because they realize that things cannot go on like this.

The Angelides Report

Now a kind of bomb has burst: An American inquiry commission into the causes of the financial crisis submitted a sensational report three or four days ago, the so-called Angelides Report, named after commission chairman Phil Angelides. It comes to the conclusion that the entire bailout process was unnecessary, that it was a mistake, that the crisis was 100% preventable, that there was an enormous failure on the part of governments and those tasked with financial oversight, and that it was handled with criminal negligence.

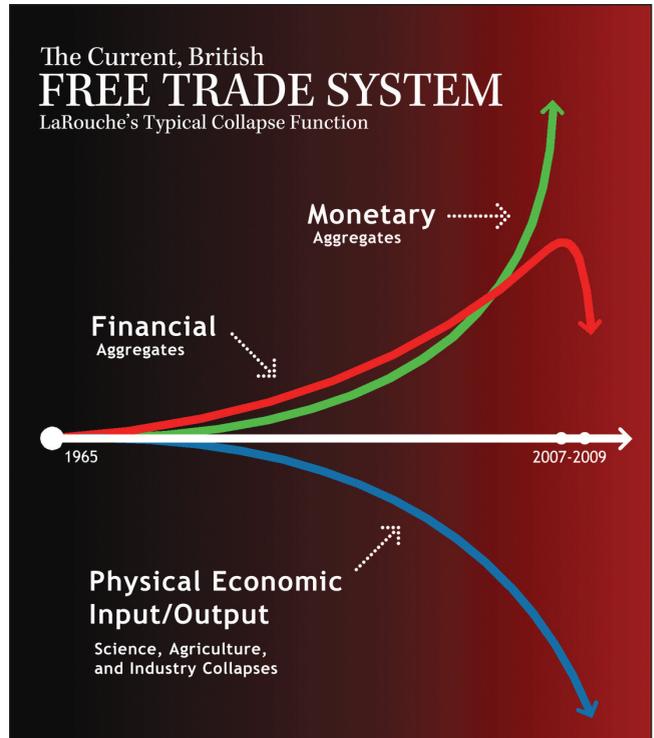
The criminal role of former Federal Reserve chairman Alan Greenspan was particularly emphasized; since 1984, he worked to deregulate the financial markets and undermine the two-tier [Glass-Steagall] banking system, which had been introduced by Franklin D. Roosevelt; and former President George W. Bush and, of course, President Obama likewise continued this policy.

The report concludes that the crisis was absolutely the result of human actions and failures to act, not Mother Nature or crazy computer models that went out of control, all on their own. In the last two years, the commission of inquiry heard testimony from 700 witnesses, researched millions of documents, and the report that presents its conclusions is 576 pages long, and argues, in amazingly frank language, that this was all a swindle, criminal activities of operators on the financial markets who deliberately sold their customers low-quality mortgages and loans, with the fraudulent intention of packaging these bad loans and selling them—i.e., the whole business with securitization and certificates.

The material that this Financial Crisis Inquiry Commission has discovered has already been passed on to the authorities, and of course now there is a big panic, because people rightly fear so-called “class action suits,” and civil and criminal prosecution of the guilty.

Now, just compare this astonishing verdict with the official line that we keep hearing: “No one could have foreseen the crisis. Everyone was completely taken by

FIGURE 1



surprise. The crisis is not systemic. The upswing is just around the corner. There is no alternative to the bailout packages, especially in the case of Greece.”

Basically, one can say that the Angelides Report has, at most, one flaw. While it does say that it would be the biggest mistake, and the greatest tragedy, if people did not recognize the consequences of all this, because then the danger would be that an even bigger crisis would occur; but the report is a bit weak when it comes to the solution.

Still, this report is a 100% confirmation of all the things that Lyndon LaRouche and the BūSo have said. Anyone who knows the ropes in finance and in government, of course, is aware that Lyndon LaRouche is known, in decision-making circles worldwide, for having predicted this crisis. That’s why we have so often come under attack by the agents of these financial markets.

LaRouche’s July 25, 2007 Webcast

LaRouche has said this for a long time, but the decisive point at which he said that we were heading toward a systemic crisis was with the issue of his famous Triple Curve (Figure 1) in 1995, which shows

the real economy going into a downward hyperbolic curve, while, on the upper coordinate system, two hyperbolic curves are rising, one for monetary aggregates, and the other for financial aggregates. And when these two top curves cross, and one [monetary aggregates] breaks away, as has happened in 2007, we have reached the point at which we are inexorably headed for a systemic crisis.

The international webcast that Lyndon LaRouche gave on July 25, 2007, will certainly go down in the history books; this was when he said, very dramatically, that the system is bankrupt. He said: The system is finished. *Finito!* All the banks' titles are worthless; there is zero possibility that a collapse will not occur; the system is finished; and what we are seeing now is how the individual aspects of this collapse are coming to the surface.

This was a historic intervention, because exactly three days later, the crisis broke out with the collapse of the so-called subprime real estate market in the United States, and since then, the crisis has gone through one phase after another.

But LaRouche did not leave it at that; as early as August 2007, he proposed a bill to Congress, known as the "Homeowners and Bank Protection Act," which essentially proposed that everyone who was in danger of foreclosure should remain in their homes, to prevent a social crisis; that the banks should be put under government protection; that their books would be closely examined to determine which claims were legitimate and which would have to be written off; and, above all, that the commercial banks would be provided with new credit so that the real economy could keep going.

This proposal at first found very strong support in the U.S. Congress. Had it been implemented, the crisis could have been stopped, and all the destruction that has occurred in the meantime would have been prevented.

Resolutions in support of this proposed bill were voted up in six American state legislatures and more than 100 cities, including large cities such as Philadelphia, Pittsburgh, and Detroit. And it failed only because Wall Street then sent top people to Congress to twist arms and blackmail people. Notably, it was Speaker of the House Nancy Pelosi, Rep. Barney Frank, and Sen. Chris Dodd who prevented the bill from going through.

Then, as everyone knows, all these bailout packages were cobbled together, the first on March 16, 2008. LaRouche immediately said that this was a violation of the Emergency Banking Act of 1933, which explicitly provides that only commercial banks may be rescued.

With each additional bailout package, whether the rescue of the Freddie Mac and Fannie Mae mortgage companies, or the huge TARP program, each time LaRouche said, energetically and dramatically, that it is absolutely illegal to spend tax money on worthless property titles, some belonging to foreign investors; that it is illegal, unconstitutional, and would immediately lead to hyperinflation. And then, he immediately demanded the return to a two-tier banking system. And of course, that point is completely absent in the report of the Financial Crisis Inquiry Commission. Since we were "bombing" the Congress and the state legislatures [with literature], it is absolutely impossible that nobody knows that.

The State Is Bankrupt

As a result of this failure to act, the United States is now facing sovereign bankruptcy. The municipalities are bankrupt; the cities are laying off police, firefighters, even releasing prison inmates early because there is not enough money to maintain them. But the situation in Europe does not look much better. The Maghreb is really in a process of a disintegration, and as for the developments in Egypt, which escalated in recent days with the incredible brutality of the Mubarak government, it is still a very open question where it will end.

We just spoke with important contacts in Greece, who told us that their country, which was forced by the EU to carry out this austerity policy, is headed for catastrophe. Politicians do not dare to cross the street, because people spit on them, and if politicians sit in a restaurant and are recognized, people pelt them with their restaurant bills, saying: "You pay it, you've been stealing from us!"

Naturally, the situation in Greece is really catastrophic. As a result of the austerity programs, there is now 18% unemployment and 3 million unemployed and illegal immigrants, with a total population of only 11 million.

The situation in Ireland is also highly explosive. Parliament was just dissolved on Tuesday [Jan. 25], and



A trade union demonstration in Ireland, where the situation remains highly explosive.

there will be new elections. Gerry Adams, the leader of Sinn Féin, announced that he is calling on the people to defend Ireland against the assault by the banks and exploitation by the EU and the IMF.

It has reached the point where it is only a matter of time before Portugal, Spain, Belgium, Italy, and France also need bailout packages, and, ultimately, the six so-called Triple-A states—they would then be reduced to five, because France would quickly drop out of this category—will have to pay the entire cost.

The European Commission, the European Central Bank, and the IMF are demanding that the European Financial Stability Facility, which is currently headquartered in Luxembourg and administers this EU750 billion bailout fund, will be doubled, or maybe tripled, or quadrupled. And this is, of course, what is happening in America, which is simply printing money.

From this standpoint, it is completely absurd for President Sarkozy, and, unfortunately, also Chancellor Merkel to proclaim at Davos, that they are going to save the euro at any cost and will never allow it to fail—that makes about as much sense as the famous last words of [former East German communist leader] Erich Honecker, who said, on the 40th anniversary of the G.D.R.: “Neither an ox nor an ass can stop the progress of socialism,” and exactly 12 days later, Hon-

ecker was no longer in office, and three weeks later the Berlin Wall came down.

Because we now have a breakdown crisis which is far worse than what occurred with the end of communism. If they keep printing all this money, and keep trying to refinance the debts, this money does not, of course, stay in the speculators’ piggy banks, but rather the speculators head for the sectors that promise them the most profit. At the moment that means raw materials and agricultural commodities, and that leads to inflation, in-

cluding for food prices, which have risen by 20% in India and Pakistan, for example.

For a person who has to spend 80 or 90% of his income on food, an increase like that can be fatal. That is the point: These bailouts are costing lives! Import prices in Germany rose last year by 12%, which is already quite a bit; but the raw material index put out by the Hamburg World Economic Institute—excluding energy, i.e., without gas and oil—rose 41% last year. As the saying goes, once you start to see inflation, it’s already too late, because this is a process that takes on a life of its own.

We Need a Two-Tier Banking System!

So, what has to happen if we’re going to stop it? There’s only one solution, one that has to come from the United States, and then has to be taken up by Europe and the rest of the world: We must implement a two-tier banking system. An absolute firewall must be erected between the commercial banks which are responsible for issuing credit to industry, trade, and agriculture, and the investment banks which are engaging in high-risk speculation.

In other words, we must create a situation whereby investment banks no longer have access to citizens’ savings and pension funds. And that’s also the reason



WEF/swiss-image.ch/Moritz Hager



WEF/swiss-image.ch/Sebastian Derungs

German Chancellor Angela Merkel (left) and French President Nicolas Sarkozy (right) agreed to cut their own throats (and everyone else's) at the Davos forum on Jan. 27-28, pledging to uphold the common European currency at any cost.

why, up to now, the City of London has been describing the Glass-Steagall legislation as a “*casus belli*”; we know from a well-informed source that this was the message conveyed along diplomatic channels. Because London’s so-called “financial industry”—which, of course, has precious little to do with industry—owes its continued existence to precisely this coupling between commercial and investment banking.

I want to state this emphatically: When we’re talking about a two-tier banking system, we’re not talking about a mere technical adjustment; it’s not a question of simply writing off the trillions of outstanding debt, clearing off the books, and then going back to business as usual.

Rather, it’s going to be a fundamental change. There has to be a transition from the monetarist system currently dominating the world, in which money is imputed to have some intrinsic value, in which bankers claim they’re more important than industry, in which debt is honored even though it’s not backed up by any real value. This must be replaced with a credit system such as Alexander Hamilton established during the American Revolution, as Lincoln affirmed it, as Franklin Roosevelt revived it, and as we in Germany experienced it with the Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency] during the post-World

War II reconstruction. Namely, credits must be tied to real investments. That way, they’re not inflationary, because they’re issued as promises against future real production; and the credits that are issued in this form, create surplus value.

It’s an established fact that every time this policy has been followed, future tax revenues are always greater than the credit initially issued, because they have the effect of not only financing the projects themselves, but also of inspiring and invigorating the entire economy—all branches of industry, from

the baker to the hairdresser, from the screw manufacturer to the farmer. This system was introduced by Franklin Roosevelt in 1933, so there’s an historical precedent for it.

This, of course, has to be tied to a system of fixed-currency exchange rates. There must be an absolute prohibition on speculators, such as George Soros, being able to drive a nation’s currency down by 20%, 30%, 40% within a few days, and then reaping huge profits. And as part of the new credit system, we need long-term cooperation—treaties among sovereign governments for reconstructing the world economy.

Transforming the World with Great Projects

Now, over the past few months—and if you visit our websites, especially the American website [<http://www.larouchepac.com>], but also the BüSo’s [<http://bueso.de>—you can see that we have produced a whole slew of videos which should make it easier for people to get an idea of what such a reconstruction effort would look like.

The centerpiece for America, for instance, would be the construction of the North American Water and Power Alliance (NAWAPA). This would be a gigantic water-management program, whereby 20% of the water



Library of Congress/Russell Lee

The NAWAPA proposal calls for 369 water projects, including hundreds of new dams. Shown is the Shasta Dam in California, under construction in 1942.

from two rivers in Alaska and Canada, which is currently flowing unused into the Arctic Ocean and the Pacific, would be collected and then channelled through a giant conduit and canal system, down along the Rocky Mountains and into America's desert states, and then onward into Mexico.

This would accomplish a whole lot of amazing things. Not only could you irrigate the deserts of Nevada, New Mexico, and many other states along this route—i.e., you could start up abundant agriculture, gardens, and forests—but you would also be intervening into the Biosphere itself, since the plants that would start growing there, would develop into dense vegetation. And of course, whenever you have such dense vegetation, it

would give off moisture which would then precipitate back down, and so you would be creating an entirely new weather cycle. In other words, you would be increasing the efficiency of the entire Biosphere.

This program would create 5 to 6 million new jobs, since, of course, it wouldn't be just this water project, but you would also have to build high-speed railways in order to develop the entire infrastructure—the Transrapid [maglev train] would be particularly suitable here, because there are some steep inclines to deal with. And it would also be the beginning of an entire infrastructure system, which then, with the construction of the tunnel connecting Alaska and Siberia, would connect up with the Trans-Siberian Railway, and this, in turn, connect to the building of the Eurasian Land-Bridge. In other words, we would basically be developing the entire interior of Eurasia, bringing it to a higher level of productivity.

This program is absolutely crucial, for example, for Germany's long-term energy and raw materials security, because Germany, like Japan, has practically no raw materials, and if we want to guarantee our raw materials requirements for the long term, we will need, for example, a cooperation agreement with Russia, whereby we can, under Russian aegis, participate in the development of the Arctic. Because this region contains all the elements of the Mendeleev Periodic Table, and so it's an absolutely necessary investment in our

future.

We would, of course, connect this program up with the African development program: The Eurasian Land-Bridge would then be extended through Egypt, through a bridge or tunnel from Sicily to Tunisia, and across the Strait of Gibraltar. And we would make a unified infrastructure program for Africa into a top agenda item.

A very important component of this, would be the construction of Transaqua, a program for diverting surplus water from the Congo River into Lake Chad, via a system of canals and riverways, in order to green and irrigate the entire Sahel region.

And then, of course, there's the crucial point that would be part of this new credit system and worldwide

In a few short years after its defeat in 1945, Germany was transformed from a rubble-field (right) into an economic miracle. The photo below shows reconstruction with aid from the U.S. Marshall Plan.



Creative Commons/Deutsche Fotothek/Abraham Pisarek



U.S. National Archives

economic reconstruction program: namely that human creativity, and mankind, become the central feature of economics, since these are the sole source of all social wealth.

The British Empire's Role

Now, all these programs are already filed away in the drawers of engineering firms. NAWAPA was all ready to go back in 1964—a Congressional feasibility study was done on it. The Bering Strait project was worked out long ago by Russian geologists and other scientists. The Oasis Plan for irrigating all of the Mid-east and Western Asia was conceived in 1975 by my husband, Mr. LaRouche. And ever since 1990, we've been proposing our plan for the Eurasian Land-Bridge, and have been elaborating on it since then. Since everything is ready to go, of course the question arises: Why have all these projects, which would so clearly improve the living conditions of people on this planet, not been realized? And that brings us to the absolutely crucial

matter of the British Empire.

When we speak of the British Empire, we don't mean Great Britain, or the British people, or the British subjects of the United Kingdom, nor do we mean the people of the Commonwealth. Rather, by British Empire, we mean what is normally meant by globalization—i.e., the entire nexus of central banks, investment banks, hedge funds, stock brokerages, insurance and reinsurance companies, and food cartels which together control the so-called free market.

And it's a system which has continued to grow like a slime-mold, and actually got started on Aug. 15, 1971, when Richard Nixon dissolved the old Bretton Woods system which had been established by Roosevelt, replacing fixed exchange rates with flexible rates. And this was the real beginning of today's casino economy. Out of that came the eurodollar market, and credit started being created on islands beyond the reach of government authorities—the Cayman Islands, and others.

And it was at that moment, in August 1971, that Lyndon LaRouche said that if things continue along these lines, a new depression will be inevitable, along with the threat of a new kind of fascism. And he said that either we'll have a new depression and fascism—or else, a new and just world economic order.

And as you surely know already, the BüSo is not just a party in Germany, but we're part of a worldwide movement, born out of the recognition that humanity

was moving in precisely the direction that we now find ourselves. And that's our very special significance.

Assault on Cultural Optimism

That moment also marked the beginning of what is known today as the Inter-Alpha Group. It started out in 1971, with an alliance of six small private banks—banks which, over the years, have become increasingly intertwined, and which today control approximately 70% of the entire financial system. And it's absolutely no accident that this period also marked the beginning of a paradigm shift toward speculation and away from scientific and technological progress, toward ecology and falsely conceived environmentalism, away from Classical culture, and into the counterculture. It was then that this paradigm shift was deliberately set into motion. It was an assault against the enormous cultural optimism which had distinguished the postwar period up to then.

Those among you who are older perhaps know this: It was, of course, the period following 1945, the 1950s, and into the 1960s. We weren't as wealthy as we became later on, but there was an absolute tidal wave of reconstruction. Within a few short years, Germany was transformed from a rubble-field into the German Economic Miracle. The heads of small and medium-sized industrial firms considered themselves to be the guarantors of the general welfare, and indeed they financed 80% to 95% of it. The famous virtues, which Joschka Fischer [of the Green Party] qualifies (or rather disqualifies) as "secondary virtues"—values such as diligence, productivity, honesty—were taken for granted. And if someone declared bankruptcy, they were treated as washed-up for good; whereas a bankruptcy today is "business as usual"—you can go through one every other week.

Back then, an altogether deliberate attack was launched against this paradigm, against the values that lay at the heart of Germany's reconstruction effort—values which characterized Chancellor Adenauer and French President de Gaulle, but also President Roosevelt, and, to a certain extent, Eisenhower and Kennedy as well. This cultural optimism, which was identified with the Apollo program, with the idea that man can conquer space, that science and technology can provide solutions to our problems, and with the idea that with the so-called UN "Development Decades," underdevelopment of the Third World can eventually be made a thing of the past—all this was the brunt of a deliberate

attack, and these values were destroyed by means of social engineering—a completely deliberate change in our axioms.

If we are impelled to understand how humanity could have arrived at this point of potential catastrophe, then we must understand that it wasn't accidental; it didn't necessarily have to happen this way. Rather, it was the result of deliberate cultural warfare, a battle of ideas, the foremost objective being to destroy the positive image of man associated with Christianity, and the idea of man as infinitely capable of self-perfection, of man as a creative individual. This was to be supplanted by submission to the idea of man as a servile, dumbed-down creature who accepts the oligarchical system, and whose fate is predetermined by others.

And if we observe, for example, how a large part of the population has succumbed to this dumbing-down process, then what we're seeing now, is the result of that process. And if you want to stop it, you first have to get a mental picture of what it is.

The Congress for Cultural Freedom

After Germany was absolutely shattered in 1945, the new watchword was: "Euthanasia never again! Nazi crimes never again!" And out of the shock which people had experienced, there evolved a very important debate over the question of what laws could be passed to ensure that such things *could* never happen again.

There was an ongoing debate in Germany at the time over natural law, a debate which placed truly profound ideas onto the public agenda. And people also felt a natural need for Classical culture. Great conductors such as Furtwängler, and singers such as Schlusnus, organized spontaneous concerts in bombed-out factory buildings, because people felt a tremendous yearning for the beauty of Classical culture.

But right on the heels of that came an attack by the British Empire, or by one of its creations, namely the Congress for Cultural Freedom. This part of our history has receded much too far from our living memory. This Congress for Cultural Freedom functioned as a trans-Atlantic organization, only going out of existence in 1967, after it came out that it was entirely financed by the CIA and the U.S. State Department—with massive British input, of course. The CCF launched a systematic program to cut off the German population, the American population, Europe's population, from Classical culture, replacing Classical culture with modern



The great conductor Wilhelm Furtwängler. Musicians performed in bombed-out buildings in Germany after the war, understanding the people's tremendous yearning for Classical culture.

music—12-tone music, atonal music. At the height of its influence, the CCF controlled 120 cultural journals and virtually all Classical concerts. So today, if you try going to a concert with the idea of actually hearing some Classical music, you've got to listen not only to Beethoven, but also to Berg and Shostakovich, and then some other moderns—a total grab-bag. That's one of the results.

One part of this program was the Frankfurt School, which also ran cultural warfare against Classical culture: Theodor Adorno, for example, who claimed that Friedrich Schiller and idealism necessarily led to fascism.

An entirely deliberate attack was carried out on the idea that there is a knowable truth that man can discover by means of successively more efficient hypotheses. And in its place, there entered liberalism, according to which everyone is entitled to their own opinion, and no one is permitted to say that something is true. And that, of course, pulled people away from recognizing universal principles, promulgating the idea that artistic and scientific creativity no longer had any significance.

The Birth of the Ecology Movement

This attack proceeded further in 1963, when Dr. Alexander King, who later became president of the Club of Rome, but, at that time, was an OECD educa-

tion and science director in Paris, presented a report which stated that the entire Humboldt education system [see box] had to be abolished in the OECD countries—in other words, the entire educational ballast of the past 2,500 years of Greek, Italian, and German Classics should be junked: Socrates, Plato, Beethoven—all this had to go, to be supplanted by practically oriented, sociological subjects, directly useful in industry.

This attack on Classical culture and on the Humboldt education system led to a situation where people—or at least the vast majority of people—were no longer capable of judging whether a particular policy was a forward step, or a setback for humanity. Now, suddenly, pluralistically, everything was permitted. The next step was Chancellor Willy Brandt's education reform, along with similar reforms in the other OECD countries, whereby their Classical educational heritage was trashed.

The next step after that, was the Rappaport Report, published in 1967, which asserted explicitly, that some way must be sought to ruin young people's cultural optimism: No longer must they be led to believe that problems can be solved by advances in science and technology; and all enthusiasm for space travel had to be quashed.

This paved the way for the next escalation: the massive wave of international propaganda unleashed by the Club of Rome and MIT, which put the book *Limits to Growth* on the market. This presented the idea that the universe had developed up until the year 1970, but that it had now reached its limit as a closed system, and that some state of equilibrium had to be found, because development had continued, asymptotically, to this upper limit, so that now, of course, we all had to cut back—cut back on raw materials, and reduce our population. The authors of this book, Meadows and Forrester, admitted later on, that this had been a fraud: They had simply fed data into a computer, got some results, and then adjusted their model so that it produced the desired results.

But what happened, was that the entire ecology movement sprang into being. Suddenly, the image of man was transformed. No longer was man the pinnacle of Creation; rather, he was a parasite, a polluter, a burden on a world increasingly bereft of raw materials.

And this was carried one step further by Henry Kissinger, who, in 1974, issued his infamous NSSM-200 document, which declared all of the world's raw materials resources to be in the strategic interest of the United States, and that the United States had the right to punish those countries that had not done enough to reduce their populations, by using the food weapon against them, raising prices of bread and other basic foodstuffs, in order to destabilize these regimes.

It's interesting that one of the countries that Kissinger named was Egypt; and as everyone knows, whenever you raise the price of bread in Egypt by even 10%, you're preprogramming revolts in the streets.

What was set into motion with this paradigm shift, was the idea that the world is overpopulated; whereas before that time, it had been assumed that the main

problem was underdevelopment. Such concepts as "appropriate technologies" and "sustainable development" were coined, and these are merely Orwellian "double-speak" for condemning the Third World to perpetual poverty, hunger, and reduced life expectancy.

And all for what? All, of course, because a small, privileged elite wanted to ensure that consumption of raw materials would be limited, because if there were too many people wanting to develop, so they said, those raw materials would be threatened.

And it's in these developments, which I can only sketch out roughly here, in this paradigm shift, that we locate the cause of civilization's existential crisis that we're going through right now.

If you ask yourself how it could be that Germany developed the high-temperature nuclear reactor, devel-

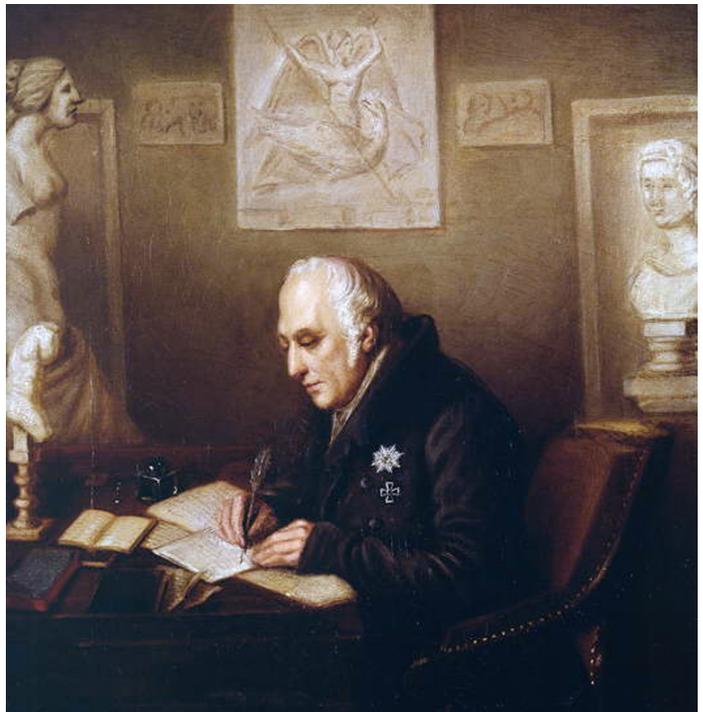
The Humboldt Program

Wilhelm von Humboldt (1767-1835) was a Prussian philosopher and linguist. These quotes are from his universal curriculum for Königsberg (see Marianna Wertz, "The Classical Curriculum of Wilhelm von Humboldt.")

Fidelio, Summer 1996,
<http://tiny.cc/j09up>

I ... deny the possibility of purposefully setting up an essentially different establishment for future craftsmen, and it is easily shown, that the gap resulting from the lack of trade schools, can be completely filled by other establishments....

The general principle should be: In any school, always to strive for the full and faultless exercise of the principal powers of the mind; to exclude from scholastic education any body of factual knowledge which—however necessary it may be—fosters those powers very little or too one-sidedly; and to reserve the specialized schools for practical life....



Wilhelm von Humboldt, one of the great minds of the 19th Century, designed a Classical educational program for all citizens, rich and poor. The idea spread to other countries in Europe, the United States, and Japan.

Everyone, even the poorest student, would receive a full education ... each individual intellect would be done justice....



EIRNS/James Rea

An anti-nuclear demonstration in Dannenberg, Germany, Nov. 6, 2010. Since the paradigm shift of the 1960s, belief in scientific progress has been ditched in favor of ill-conceived environmentalism.

oped the Transrapid, but didn't build these here, but rather in China and other places—this is the result of this British imperial warfare against Germany.

The Task of Mankind Is Progress

Now, I would like to counterpose what we must do if we want to prevent the collapse of humanity. In fact, we have to start with a realistic view—and that is, from the top down. How is the physical universe really created? What are the laws of the universe?

Then it can be established that, long before mankind appeared in evolution, the dominant principle of the universe was creativity. The universe continually develops itself to higher orderings; new solar systems arise; new galaxies arise; a higher energy-flux density arises in the universe, completely independent of mankind's role. And this will continue indefinitely, in spite of the current aberrations in which our planet finds itself. In the study of the physical universe, one can determine continually higher stages of complexity, which develop from one another anti-entropically, and take place at ever higher energy-flux densities which operate in the universe.

Lyndon LaRouche—and this is perhaps one of the many things for which he will be remembered in his-

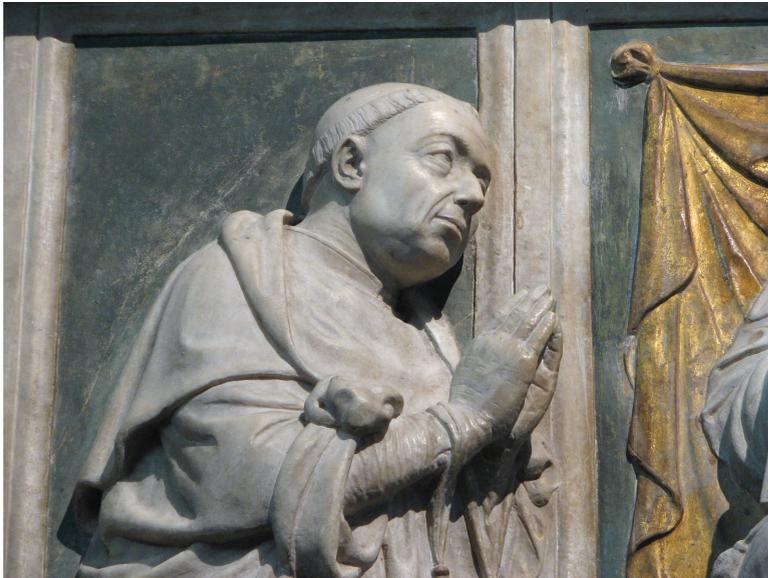
tory—has described the concept of “relative potential population density,” as the measuring rod which defines, absolutely scientifically, whether a development is good or bad.

This signifies that at any technological stage, the resources, the raw materials, are always limited. Had mankind remained at the level of hunters and gatherers, then whenever the roughly 5 million human beings living at that period would at have consumed all the bears, hunted all the rabbits, eaten up all the mushrooms, then an ecological catastrophe would have resulted, and the human

race would have collapsed.

But since man's identity represents the creative principle, man developed agriculture; and, in subsequent history, he developed other things to use, such as fossil energy sources; he developed steam-powered machinery; he developed the railroad; he developed nuclear power; he has continually been able to attain higher energy-flux densities in production processes, and thus to raise the population potential on the Earth from perhaps 5 million at that period, to about 7 billion today. There is also no reason at all why this should come to an end; rather, if humanity creates the next steps, this process will absolutely continue.

This all reflects the fact that Cardinal Nicolaus of Cusa, the great thinker of the 15th Century, the founder of modern natural science and the sovereignty of nation-states, was correct when he developed what in retrospect can be called the “biogenetic law of evolution”; namely, when he distinguished among the inorganic substrata of the Earth; the organic world—what we now call the Biosphere; human reason, which Vernadsky named the Noösphere; and what Nicolaus defined as the fourth level: that is, God the Creator, Who represents the development of this principle, and Who, according to Nicolaus of Cusa, sets man apart as the



Creative Commons/Nick in exsillo

The creative genius Cardinal Nicolaus of Cusa (1401-64); relief from his memorial in the Basilica di S. Pietro in Vincoli, Italy.

“*imago viva Dei*,” the living image of God, who carries on this creative process.

It is astonishing that a Cardinal in the 15th Century already thought that way. He said that man, when replicating this most noble capacity of the Creator, becomes a second God, because man then self-consciously carries forward the “*vis creativa*,” the creative power, which is inherent in this order of Creation. Nicolaus went so far as to say that since mankind developed, Creation is continued through mankind alone; that it is man who drives the further development of the universe.

This is naturally a different concept of man, which implies that development does not come from below—and thus not, as Darwin says, by the survival of the fittest, which eliminate the weaker—but rather from above. He says that no genus and no species fully expresses its nature if it does not, at least at some point, participate in the next higher species; and he even says that the lower species are pulled upwards by the higher; that each human being recapitulates the entire development of the universe in his or her own development, and can consciously find the next step of development on the basis of this knowledge.

Thus, I find that these are tremendous thoughts for the 15th Century, and they later defined the work of Kepler, Vernadsky, Einstein, and all modern science. That is, the reason that man is in the position to de-

scribe the physical universe, lies in the fact that the laws of creative thought, the microcosm, are in absolute concordance with the laws of the physical universe, and produce a harmonic resonance in the soul of man.

According to Nicolaus, the soul is the location in which evolution takes place, for the soul—one could also say, the creative spirit—is where science, music, and many other things are found, which, because they are eternal—because they have an eternal character—show that the human soul is also immortal. Because obviously the creative principle which produces these sciences, is of a higher nature than the sciences it invents.

If one thus observes the universe from above, the principle of creativity is ontologically primary. Nicolaus described this, for example, in his term “*coincidentia oppositorum*,” the “coincidence of opposites”; that is, that the One has a higher truth and quality

than the Many. And that is a dynamic concept, because harmony in the macrocosm is only possible through the best possible development of all microcosms.

If we now pose the question: What is the purpose of mankind? What is the role of mankind in this physical, self-developing universe? Are we here only as the beneficiaries of limited resources; are we parasites; or are we called upon in our human development to replicate the laws of the universe? This is something that Friedrich Schiller defined, for example, in his famous writing on “The Legislation of Lycurgus and Solon.” He says that Solon, the wise lawgiver of Athens, when asked “What is the purpose of mankind?,” replied, “Progress”—the progress of man, or the bringing of mankind to ever greater dominion in the universe, to an ever greater unfolding of his creativity. And this is unlimited.

Why We Need Classical Culture

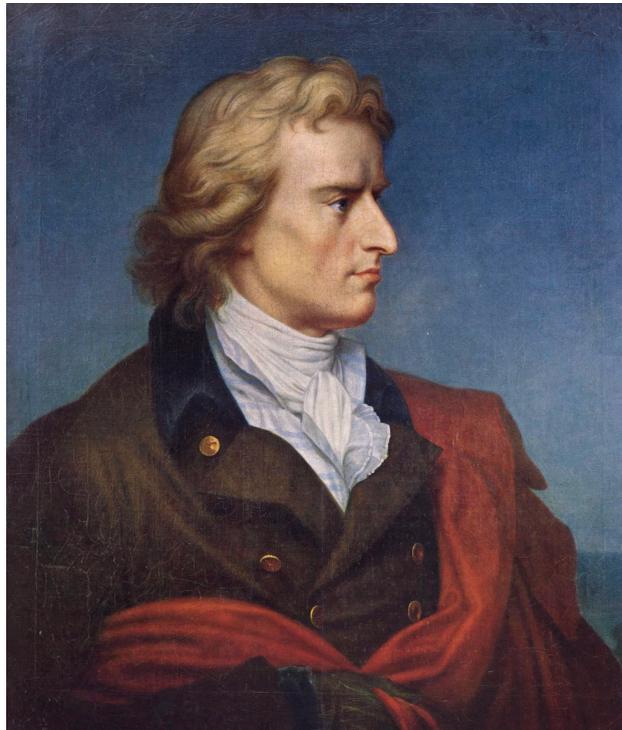
This brings us to the question of why we think so highly of Classical art. Art is not, as Kant says—in opposition to Friedrich Schiller—at its most beautiful, when an artist tosses a random Arabesque onto the wall; this art is more beautiful, according to Kant, than when one can recognize the plan of the artwork in the art itself. Schiller absolutely rejects this, saying no, it is exactly the plan of the artist, who wants his art to have

a unique purpose, and that is the ennoblement of mankind.

The question one must put to oneself is, what role does culture play in this process of development? Does culture lead to the advancement of mankind, so that it develops, unfolds, becomes nobler, more beautiful, strives higher? Or is its effect, rather, that man is pulled downward, and the bestial side is strengthened?

And one must say very definitely that the culture, or better the non-culture, which has accompanied globalization, has degraded mankind. I don't want to detail this further, but just to select one name for it: Lady Gaga. Because Lady Gaga is definitely "ga-ga," and the goal behind this is, that those who submit to it, tend to become lunatics themselves.

Why is Classical music so important? Classical



Germany's "poet of freedom," Friedrich von Schiller (1759-1805): *The purpose of mankind is progress, the greater and greater unfolding of creativity.*

composition—and equally whether you are talking about literature, poetry, architecture, or music—begins with a poetic or musical idea, which is then thoroughly composed according to absolutely strict rules, leading to a growing number of singularities, which the person who is engaged with this Classical culture can recognize and grasp as a totality.

This means that preoccupation with this Classical culture shapes the mind to think and feel this way; and if man develops in such a way, the result, as Friedrich Schiller anticipated and demanded, is that the adult willingly finds freedom in necessity, and does his or her duty with passion, and then even becomes a beautiful soul, which Friedrich Schiller identified as the person who uniquely has the potential to become a genius.

Thus, what we need is not only a new international



The BüSo chorus performs Beethoven's "Choral Fantasy" at the Berlin congress on Jan. 29.

EIRNS/Sergei Strid



USMC/Lance Cpl. Chris Kutlesa

The bestiality of the modern counterculture can be summed up by the words “Lady Gaga.”

economic order, a new world currency system; we also need fundamentally a new culture, a Classical Renaissance.

Just as this investigative commission was formed on the causes of the financial crisis, so we need an investigative commission on what has gone so terribly wrong with the culture of the entire post-war period. This would reveal the things that I have just sketched out, because we have really performed this function throughout our existence as a movement, pointing to exactly these undesirable trends.

Looking at the entire process of destruction of Classical culture, start with Romanticism, which attacked Classical culture absolutely deliberately, a destructive process which has turned into today’s deconstructionism, Gaga, and the fundamental and complete loss of meaning; it was promoted after the Second World War by the Congress for Cultural Freedom, the Frankfurt School, the entire counterculture; one has to conclude that culture is not a matter of personal taste, but rather, the question is: Does the culture promote man’s creativity, or make him a zombie who passively submits himself to Dionysian mass movements, as can be seen at rock concerts?

A Turning Point in History

We have thus come now to a turning point in history. If it should turn out that mankind is incapable of correcting the failed policies of, especially, the last 40 years—then it is clear that we will plunge into a dark

age, and that the result will be a French Revolution, in which violence, terror, and despair will spread. And when more and more people, above all, young people, see no future, then it is clear that this will end in chaos, as we can see that now in Egypt; and that then the shrinking world population will be controlled by bands which alone can assert themselves amidst hunger revolts.

The alternative is perfectly clear: Glass-Steagall, a two-tier banking system, the World Land-Bridge for the reconstruction of the world economy, the NAWAPA concept, the Bering Strait crossing, the Eurasian Land-Bridge, the Transaqua project, the extension of the World Land-Bridge into Africa. Then mankind will reach what LaRouche has called a “platform” for economic development; that is, the next platform, meaning that at a certain level of development, all of the processes in these economic events are dependent upon one another.

For example, when human civilization was, so to speak, still one of hunters and gatherers, settled on the coasts and along the rivers, that was one platform which human life had established. One could say that the development of a system of inland canals defined the next platform; that was essentially by Charlemagne, who connected the rivers in Europe by canals, and thereby, enlarged the scope for development of the landlocked regions, which naturally led to greater development; then, the next platform, which was characterized by railway systems; and naturally, if we were now to go on further and develop the World Land-Bridge, which you have all seen in various of our publications—in other words, infrastructure that, above all, provides the interior regions of the continents with the same regional economic conditions which now, for example, only the well-developed regions like the Ruhr or Baden-Württemberg have—then we would bring about the higher evolution of mankind by a whole qualitative leap.

This would be an intervention into the Biosphere as well. Mankind would qualitatively raise the efficiency of the Biosphere. The next level would naturally be the development of manned space travel, fundamentally, because there we would have to solve the kind of scientific challenges that are mandatory for mankind to become rational and reasonable. The great German scientist of space travel, Krafft Ehrlicke, called this evolu-

tion the “extraterrestrial imperative,” meaning that, fundamentally, manned space travel is the natural next level of civilization. These are matters that will not have immediate results; thus, for example, we still have tremendous challenges to solve before we can colonize Mars. But if we decide to do this in this century—thus, in perhaps three or four generations—we must set the course for it now, thus defining the basic direction.

Then mankind would leave its present infantile stage, and one could say with certainty that human

beings would no longer be spoiled little children carrying out their irrational wishes in an infantile way, but were creative young adults, making mankind into what it should really be, namely creative individuals. And I believe that that is a goal that is absolutely worth fighting for.

We are now at this watershed: a plunge into a dark age, or a new Renaissance, a new epoch of mankind. And I cordially want to invite everyone to work with us for this.

Krafft Ehrlicke’s Vision

The late Krafft Ehrlicke (1917-84), space scientist and passionate advocate for space exploration, summarized his philosophy of astronautics in three laws (1957):

First Law. Nobody and nothing under the natural laws of this universe impose any limitations on man except man himself. Second Law. Not only the Earth, but the entire Solar System, and as much of the universe as he can reach under the laws of nature, are man’s rightful field of activity. Third Law. By expand-

ing through the universe, man fulfills his destiny as an element of life, endowed with the power of reason and the wisdom of the moral law within himself.

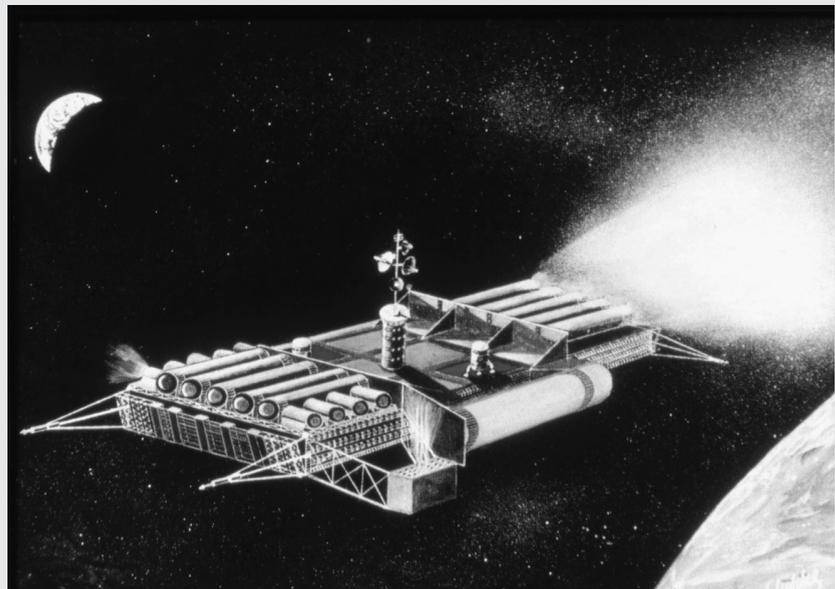
The first law is astronautics’ challenge to man to write his declaration of independence from *a priori* thinking, from uncritically accepted conditions, in other words, from a past and principally different pre-technological world clinging to him. This can be done. The Declaration of Independence and the Constitution of this country prove it.

—Cited in Marsha Freeman, *How We Got to the Moon: The Story of the German Space Pioneers* (Washington, D.C., 21st Century Science Associates, 1993), p. 297.



NASA

Krafft Ehrlicke with a model of an orbital hospital.



Krafft Ehrlicke

Painting of a nuclear freighter for industrialization of the Moon, by Krafft Ehrlicke.

LaRouche's Plan To End the Depression And Create 3-4 Million New Jobs

NAWAPA

We are now on the edge of the post-Obama era, in which it becomes possible for mankind to orchestrate an upshift in Biospheric development, starting with the NAWAPA program to re-engineer the entire Northwest water system, from Alaska down to Mexico.

LYNDON LAROCHE— LEARN FROM NAWAPA: MIND OR BODY?

Man's power to exist lies not in the things which exist, but in the process through which things, and mortal human lives, come and go, in the domain of the immortality of each soul of a very special species, mankind. . . .

NAWAPA could not be killed, because it was the immortal feat on which man's future presently depends.

- **NAWAPA: "The Next Evolutionary Step for the Human Species,"** a Basement Team Roundtable, EIR, Aug. 27, 2010 (<http://tiny.cc/f14hd>).
- **"Learn from NAWAPA: Mind or Body?"**
by Lyndon H. LaRouche, Jr., EIR,
Aug. 20, 2010 (<http://tiny.cc/iovad>)
- **"NAWAPA, from the Standpoint of Biospheric Development,"**
by Sky Shields et al., EIR,
Aug. 13, 2010
(<http://tiny.cc/ai2gm>)

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Freeze Food Prices Now!

No sane person can miss the fact that one major spur to the revolutionary unrest now sweeping the world, is the skyrocketing price of basic foodstuffs. Having capitulated to the IMF/World Bank diktat to eliminate food self-sufficiency, in favor of the “markets,” or to slash necessary investments in long-term infrastructure and science, nations around the globe are being held hostage to the food cartels, which are raising prices through the roof.

In reviewing the spread of food riots internationally, on Feb. 14, Lyndon LaRouche proposed the emergency policy governments must adopt: freeze food prices now!

Such action will take aim at the leading cause of the recent rise in the prices of grain and other food staples—the speculators. The hot money poured into the banking sector, particularly by the hedge funds, is the direct product of the hyperinflationary bailout binge being carried out by Fed chairman Ben Bernanke, and the European Central Bank. Since these bankers are not being pressured to invest in physical production, they are, instead, rushing into the commodity markets, pushing up food (among other commodities) prices to exorbitant levels.

Action by governments to freeze food prices at the wholesale and retail level will burn a lot of these speculators, and could even put a number into bankruptcy. “Who cares?” asked LaRouche. “If a food-price ceiling causes the bankruptcy of financial speculators, that helps to solve the problem, by eliminating a problem.”

LaRouche also called for “drastic, draconian measures against anybody manipulating the market, moving food from one place to another, causing starvation, but allowing people to make a profit on food prices increases.”

Such emergency measures would be immediately ameliorative in the Maghreb region, one of the most grain-import dependent in the world. Fully 18% of all wheat imports globally, in recent years, have gone to the nations of Egypt and North Africa. Its 165 million people now depend upon importing at least 21.4 million metric tons of wheat, whose price has more than doubled at the Chicago Board of Trade, since July 2010.

As this publication has emphasized repeatedly, of course such a crackdown on speculators will not totally solve the food problem. Under the policy of deliberate depopulation being pursued by the financial imperium, known generically as the British Empire, food production is shrinking globally. The world is simply not producing sufficient food to provide for not only the current population, but the population which will inevitably arrive over the next generations.

But what we are dealing with in the explosion of food prices today has nothing to do with “supply and demand.” It is the traceable result of the money-printing policy of the Federal Reserve and other leading financial institutions. Nor is that reality a secret. Fed chief Bernanke was confronted on this reality during his National Press Club speech a couple of weeks ago, by a journalist who asked how he responded to charges that his hyperinflationary policy was contributing to the food crises in Egypt and Tunisia. Bernanke’s response had all the arrogance of the pro-genocidal Prince Philip: he blamed the rise in food prices on “excessive demand.”

It’s time for Bernanke, as well as food speculation, to go. That will be a natural concomitant of the drive to restore Glass-Steagall, the immediate task at hand for those who would save our civilization from a New Dark Age.

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