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## Launching a Physical-Economic Renaissance in a Second Trump Term





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# Launching a Physical-Economic Renaissance in a Second Trump Term

## *Cover This Week*

*World's first plant  
to industrially  
synthesize higher  
alcohols from  
synthetic gas,  
Yulin, China.*



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# Masque of Anarchy

October 11, 2020

by Barbara Boyd

I have been thinking a lot this week about Percy Shelley's poem, "Masque of Anarchy,"<sup>1</sup> which is one of my favorites. If you haven't read it lately, or haven't read it ever, you should, because it is a kind of universal reflection on our present situation.

The poem starts with stanzas describing, in bloody and incredibly sensuous detail, what the tyranny of anarchy looks like. Shelley is reflecting in the first part of the poem on the massacre by the British government of those rallying in Manchester, England to reform a corrupt government in August of 1819. The event is called the Peterloo massacre. It was the occasion of a full cavalry charge into a crowd of some 50,000 people. In August of 1946, Lyndon LaRouche witnessed a similar, savage revelation of the nature of Empire when British troops opened fire on a mass rally for independence in Calcutta, India. He never forgot this most vivid demonstration of the nature of Empire and spent most of his life defining how such entities could be driven from the face of the Earth.

In the poem, Shelley portrays allegorically, in the poem's first part, the sins of such a tyrannical government as the actual breathing souls of various government ministers, horrible dominating vices which hide under the masks of what appear to be human features. For example, he portrays Lord Castlereagh as the mask of "murder," Fraud is in the form of Lord Eldon, hypocrisy is Lord Sidmouth. And he recounts other sins disguised in as human beings, as he says, "All disguised, ... / Like Bishops, lawyers, peers, and spies."

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<sup>1</sup> Percy Shelley, in his November 14-18, 1819 letter to Leigh Hunt, referred to his poem, not yet published, as the "Masque of Anarchy." Later editors have frequently changed the name of the poem to be "The Mask of Anarchy."

Anarchy himself is a symbol in the poem for the character of the tyrannical government which always claims as its motto, as the poem struts it: "I am God, and King, and Law!" Anarchy's "white horse" is "splashed with blood," reminiscent of the Death that rode a pale horse in "Revelation." He is followed by "hired murderers," loyal bloodthirsty soldiers whom Shelley associates with those who took part in the killings at "Peterloo."

That phrase, "I am God, King, and Law," was what the American revolutionists thought their British masters thought of themselves, arrogating to themselves all of the powers of the universe, the state, and the civil society within the state. Be-

cause this does not conform at all to the actual lawful nature of the universe, Shelley declares it irrational, heretical, and reflexively evil. That is anarchy, and Shelley makes his point more powerful by associating anarchy with a government—which most people would think of as polar opposites.

This is how modern British oligarchs think of themselves. It is exactly how our elites in the United States, admirers of the Queen and the Royal Family and all things imperial think of themselves. The best examples of courtiers presently, are Barack Obama, Kamala Harris, and Nancy Pelosi. I don't believe that Joe Biden has a capacity to actively think, if he ever did, but allowing him that, he would join this motley crew. How else could someone think of himself who effectively sold his office for the millions of dollars his son captured in corrupt schemes in both Ukraine and China while sitting as the Vice President of the United States. I am God, and King, and Law. He apparently believes himself protected by his elite masters, and permanently so.

How else could these people be thinking if they can

## **EDITORIAL**

conduct an election solely based on drumming up hatred for Donald Trump, participating in orchestrating race riots which they seem to be able to turn on and off, while never appearing publicly, and refusing to answer direct questions about their clear plans to completely alter the Constitution if elected.

Now just when everything looks very dark and pessimistic in Shelley's poem, hope appears, first in the disguise of a "maniac maid" apparently resigned to an awful fate, but that is not the nature of hope. A new force, like a most powerful force of all of nature, gathers strength. Anarchy lies dead and his horse flees, grinding "to death the murders thronged behind." Shelley is clearly telling us something here about how hope and optimism are characteristic of actual natural law, that they are a force in the universe. The impassioned speech, made by a new voice, takes up the rest of the poem. The transition begins with this declaration:

37  
Men of England, heirs of Glory,  
Heroes of unwritten story,  
Nurslings of one mighty Mother,  
Hopes of her, and one another;

38  
Rise like Lions after slumber  
In unvanquishable number,  
Shake your chains to earth like dew  
Which in sleep had fallen on you—  
Ye are many—they are few.

Shelley goes on to examine the necessary character of those who must wage the fight against tyranny: He writes:

52  
What art thou Freedom? O! could slaves  
Answer from their living graves  
This demand—tyrants would flee  
Like a dream's dim imagery:

53  
Thou art not, as impostors say,  
A shadow soon to pass away,  
A superstition, and a name  
Echoing from the cave of Fame.

He makes the free character one who creates a livable material condition, fed and never immiserated by poverty,

one who loves and that at the highest level like Christ, one who seeks and exemplifies justice, one who checks the excesses of the rich. He says:

63  
Science, Poetry, and Thought  
Are thy lamps; they make the lot  
Of the dwellers in a cot  
So serene, they curse it not.

64  
Spirit, Patience, Gentleness,  
All that can adorn and bless  
Art thou—let deeds, not words, express  
Thine exceeding loveliness.

He then issues a call to arms to overthrow tyranny, having characterized poetically, the character of the warrior who can prevail. Here is how the poem ends:

90  
And these words shall then become  
Like Oppression's thundered doom  
Ringing through each heart and brain,  
Heard again—again—again—

91  
Rise like Lions after slumber  
In unvanquishable number—  
Shake your chains to earth like dew  
Which in sleep had fallen on you—  
Ye are many—they are few.

Now I have written a lot lately about how Lyndon LaRouche thought about people's war, the ability to overthrow tyranny even if the tyrants seem all powerful and dominate the media. LaRouche, like Shelley, believed that 99% of the road to victory consisted of culture—the idea which Donald Trump has talked about in the form of reviving the ideas of the American Revolution and of Lincoln against the so-called critical theorists and critical race theorists who want now to reabsorb the United States into the modern British Empire.

It should be clear in the Transition Integrity Project, in the military revolt which Colonel Richard H. Black has talked about, in the entire sweep of events which have happened since Donald Trump won the election and before that, that our opponents are intent on extinguishing the sovereign United States and its

culture. The most important step in that is erasing our actual history and heritage in the European Renaissance.

There are many immediate tactical weapons which we can wield against them—the declassification of “everything Russiagate” is an obvious one and it will lead right back to the oligarchs, the British House of Lords being one formation, who insisted first against Trump’s election and then against any Second Term. We must do this and campaign for it and not accept excuses. But, quite frankly, anyone who is thinking already knows this story.

The question becomes, how will you use what you know to defeat the coup and bring about fundamental change for the public good? The fundamental weapon is the issue which both Shelley and LaRouche addressed. Can we elevate the American

people to the state of mind actually necessary to vanquish this foe, a state of mind in which they are emboldened by optimism and hope and do not bend to the pessimism, fear, and atomization, the weapons our enemy seeks to wield?

That is why a concerted campaign over the next two weeks to demonstrate how our current crash programs, like the Artemis Program and Operation Warp Speed, can transform the economy and the spirit of our people, programs which represent one of the most critical weapons in the countercoup.

That is why a sustained attack using our actual history, as elaborated by Lyndon LaRouche and his collaborators, represents just as urgent a priority as the battle to turn the enemy’s lies about this President on their head and show their true source. That’s the topic I think we all need to be thinking about.

## **EDITORIAL**

# The Economic Agenda To Make America Great Again

by Robert Ingraham and Brian Lantz

Oct. 10—President Donald Trump has been very clear that he is determined to turn (or return) America to the status of a Manufacturing Superpower. There is every reason to believe that he will pursue this goal aggressively in his second term. A convincing argument could be made that this is likely to be his overriding agenda of the next four years. It is certainly a necessity. Clearly, there is currently a great deal of discussion taking place, among a broad array of individuals, on precisely this orientation.

The question before us is how to make this intention a reality. To contribute to that discussion, we reprint here a 2002 article by Lyndon LaRouche, “Special Report: Science and Infrastructure,” with the hope that this will aid in providing a clear orientation to those engaged in the debate now taking place.

Any effective approach in attempting to reverse the economic devastation of the last 30 years must begin with Physical Economy. What is required is to identify those initiatives and interventions which will produce an escalating increase in the productivity of the physical economy,—not increases in “monetary” productivity, but a sustained growth in what Alexander Hamilton defined as “Labor Power.”

The problem today is that much of the well-intentioned discussion of rebuilding America’s manufacturing capabilities lacks scientific rigor. Physical Economy is a science. It is grounded in mankind’s increasing mastery over nature, through a series of inventions, discoveries and interventions over a span of millennia. Lyndon LaRouche’s 2002 paper provides the precise

remedy to our current ills and the proper orientation toward what must be done.

In that paper LaRouche defines what he calls the Three Key Elements of economic recovery: (1) Basic economic infrastructure, (2) Economic Entrepreneurship, (3) Culture. LaRouche draws a parallel between these Three Elements and the three Leading Principles of the U.S. Constitution: (1) Sovereignty, (2) the Gen-



White House/Joyce N. Boghosian

*President Donald Trump acknowledges applause as he is welcomed to the International Union of Operating Engineers’ International Training and Education Center in Crosby, Texas, April 10, 2019.*

eral Welfare, (3) Posterity. Thus, our sovereign government has both the authority and the responsibility to undertake key economic initiatives for the betterment of the people and future generations.

As Franklin Roosevelt said, if an intensive upgrading of the U.S. physical economy is to be accomplished, if hundreds or even thousands of new manufacturing plants are to be built, if a shift in the composition of the

labor force is to be accomplished, what is required is “action and action now” to make that possible.

We turn now to the outline of a general approach and then focus on a few specific examples.

### Rudiments of a Proper Approach

What is required today is a rebuilding of U.S. manufacturing capabilities in depth. Any attempt to simply create isolated high-tech “boutique” industries ultimately can not succeed. The reality of manufacturing is that any advanced enterprise engaged in production depends entirely on a supply chain of a multitude of related and supportive manufacturing, machine tool and related industries. Thus, it is unworkable to propose that a handful of sexy “high tech hubs” will right Amer-

panding energy, transportation, water, communications, health care and other components of the underlying economic platform. At the same time,—and most critically in a depressed manufacturing environment—such large-scale infrastructure projects have the effect of “calling new manufacturing into existence.” Through government contracts, sub-contracts, Public-Private Partnerships and other incentives, entrepreneurs in the private sector are provided the opportunity to establish or expand a multitude of productive enterprises. These same infrastructure projects also provide the context in which a new, youthful and expanded productive workforce can and must be trained up.

One cannot simply snap one’s fingers to conjure new manufacturing plants into existence. This is par-



EIRNS/Stuart Lewis



CC/Connor Harris



TVA

*Pillars of a nation’s productive potential: power and transportation. Shown are high-voltage electricity transmission towers, the Acela Express train between Washington and Boston, and the Watts Bar Nuclear Plant, part of the Tennessee Valley Authority.*

ica’s economic ship. For an advanced manufacturing economy to function, you have to make a lot of “stuff.” What about nails, screws, lubricating oil, levers and thousands of other things? In the real world, industry is an integrated whole.

At the same time, if millions of manufacturing jobs are to be created, what will be necessary is to accomplish a dramatic transformation and upgrading of the U.S. labor force.

The question to be answered is how such a broad and sweeping economic revolution might be accomplished?

It is within such an orientation that the importance of infrastructure is to be located. Infrastructure projects perform two vital functions. First, and most obvious, is the role that such projects play in transforming the nation’s productive potential through improving and ex-

ticularly true today, when the nation’s banking and financial institutions are diverting the bulk of available credit into financial investments and various forms of monetary speculation. Yet, even if investment capital is available, and if willing entrepreneurs are to be found, the question arises: Is there a market for what is going to be produced? Will such new enterprises prove viable and profitable?

The fact that major infrastructure investments tend to be long-term, will provide stability and trust for those individuals or corporations contemplating private investment in creating the new manufacturing endeavors. This approach encompasses everything from large corporations to “start-up” enterprises. If such projects are also undertaken with some form of “Buy in America” guidelines, this will provide added security to those who want to participate. In essence, from a Hamilto-



nian perspective, such government initiatives will catalyze the creation of new companies, new projects and new innovations.

### What Comes First

What needs to be done during the coming four years must flow from the immediately identifiable necessities that are required to initiate a 180-degree reversal of the de-industrialization that took place from 1976 through 2016. We must identify the immediate requirements, and then project, as much as possible, the intermediate and longer-term goals which should be placed on the agenda.

One reality that must be acknowledged is that President Trump's stated goal to rebuild American manufacturing can not succeed without a significant increase in U.S. electricity generating capacity. As of 2020 America does not even produce enough electricity to support the manufacturing we had in the 1970s, much less the requirements of the 21st century. Many of the new industries that will be created are likely to require even higher amounts of both electricity and water, as many of them will be more technologically intensive. As to energy requirements, the emphasis should be on nuclear, probably including widespread use of modular nuclear reactors. This will also necessitate a major upgrading of the electricity grid. The failure to do this can currently be experienced in California, the land of blackouts and brownouts.

The same approach needs to be taken with both water and transportation. This should be approached not simply from the standpoint that these are "good ideas," but are a necessity. If Trump wants to increase manufacturing by  $x$  percent, if he wants to "re-shore"  $x$  number of factories, if he wants to rebuild key supply chains, then the question that needs to be answered is: How much more electricity is required; how much more water is required; what upgrades in transportation will be required over the next 20 to 40 years? Population growth must also be considered in this.

Obviously, if new infrastructure is to be built, the orientation should be to utilize the most advanced tech-

nology either available today or in the near-term pipeline. We need infrastructure which will serve the needs of an expanding population 3 to 4 generations into the future.

It is not possible to "do everything at once," even some things that are clearly desirable. Yet, several major regional projects must be identified, along the lines of FDR's Four Corners projects. Currently, there is a long "wish list" of such projects, but it will be important to identify a handful which will have a critical impact, in the near-to-medium term, in jump-starting the nation's productive potential. The next issue of *EIR* will feature one such proposal, for a "Missouri River Basin Author-



*President Franklin Roosevelt (seated, right) inspects the Chickamauga Dam and power plant, a Tennessee Valley Authority project under construction near Chattanooga, Tennessee, November 21, 1938.*

ity," to create the basis for the economic development of the "empty quarter" of the continental United States.

"Soft Infrastructure," such as in the areas of education, health care, and the like is also of critical importance, particularly if one takes into account both the need to develop a highly skilled labor force, as well as—and more importantly—the Constitution's charge to "Protect and Defend the General Welfare" of the people and their posterity. This topic, however,—one which deserves in-depth attention—is beyond the scope of this short report.

### The Necessity of a Science Driver

Earlier, we referenced LaRouche's Three Key Elements of economic recovery: economic infrastructure, economic entrepreneurship and culture. In addition to

these, LaRouche, throughout his life, spoke and wrote extensively on the subject of a Science Driver.

Even among many of today's well-intentioned and thoughtful proponents of an industrial policy for America, there is a failure to recognize the true nature and significance of a Science Driver policy. There is much talk of replacing old manufacturing methods with new technology, and much of this is couched in Joseph Schumpeter's theory of "creative destruction," but such an approach misses entirely the deeper implications of a Science Driver.

What is required for continuous human advancement are not simply revolutions in technology, but more profound and far reaching discoveries in the frontiers of science, new discoveries as to the nature and ordering

such as medical research and optical biophysics should also be high on the list of priorities.

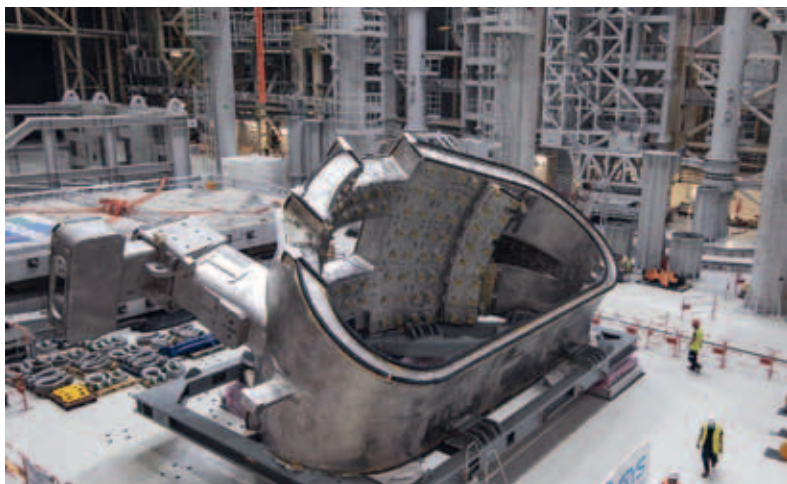
We ignore this question of science, we fail to recognize its indispensable role in economic advancement, and we quibble over funding it,—all to our own peril.

## Financing

The sovereign U.S. Government possesses awesome Constitutional power to finance all of the required components of a sustained economic Renaissance. Recently, in combating the coronavirus pandemic, President Trump has made use of the Defense Production Act to force an increase in the manufacture of urgently needed medical goods. He also initiated, through executive action, Operation Warp Speed, to accelerate the



NASA



ITER

*To survive, mankind requires continuous advancement—via “science driver” programs—in knowledge of the nature and ordering of the universe. Shown is an artist’s rendering of an Artemis astronaut on the lunar surface, and a vacuum vessel section newly delivered to the International Thermonuclear Experimental Reactor (ITER) facility in France.*

of the universe itself. The history of human advancement is replete with many proofs as to the validity of this approach.

Today, an accelerated Artemis Program and space program should be a priority. Colonizing the Moon, going on to Mars, and other related efforts will not only require new revolutionary technologies, which then spin off into the civilian economy, but what we will discover in the course of these missions will overthrow many currently accepted axioms as to the nature of our solar system and the universe, and pose new challenges that will lead to history-changing new discoveries.

The same could be said about Fusion Energy research, a critical area of scientific research that has been starved of funding for several decades now. Other areas,

discovery and deployment of a vaccine. His partially successful use of tariffs to “re-shore” American manufacturing is also of note.

The sovereign economic power of the U.S. government, however, goes far beyond what has been done up to this point. In this regard, it is very useful to look at the role of the Reconstruction Finance Corporation (RFC) from 1933 to 1945, as a paradigm for an approach sorely needed today.

The RFC's initial capital came from \$500 million in stock sold to the U.S. Treasury, and additional funds were obtained by selling bonds to the U.S. Treasury and a smaller amount of bonds directly to the American public. During its years of existence, the RFC borrowed \$51.3 billion from the Treasury, and \$3.1 billion from

the public. From this the RFC made loans of \$38.5 billion (about \$750 billion in 2020 dollars). Between 1941 and 1945, the RFC authorized over \$2 billion of loans and investments each year, with a peak of over \$6 billion authorized in 1943.

During the depression years of the 1930s there was a precipitous decline in bank lending. The RFC stepped in to fill the need. By 1934 the RFC began lending directly to individual businesses and industries. The RFC also provided \$201 million of capital and loans to the Export-Import Bank to encourage exports. It made loans to the Public Works Administration and the Works Progress Administration, disaster loans, and loans to state and local governments. By the time of World War II, the RFC was engaged in a higher volume of loans into the productive economy than all of the major Wall Street banks combined. It should also be noted that the RFC repaid all of its debt obligations to the U.S. Treasury, so the massive productive accomplishments of the RFC did not cost the American government one penny.

The RFC is but one example to draw on. In 1861, Abraham Lincoln was confronted with raising and paying an army, building warships, manufacturing artillery and ammunition, and expanding the nation's rail system. It was the necessity to do these things which led

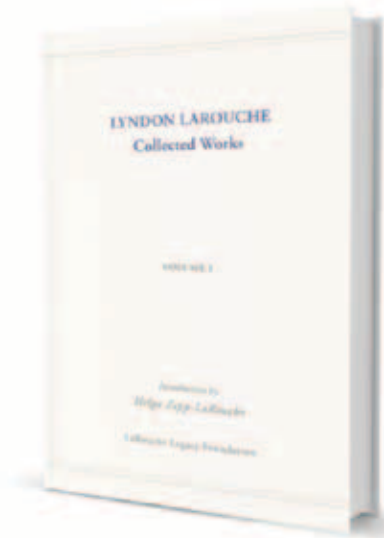
to the decision to issue Greenbacks, sovereign legal tender currency issued by the U.S. Treasury. Whether it is Greenbacks, the RFC, or the earlier First National Bank of the United States, the creative impulse at issue here is the practice of Hamiltonian National Credit to finance an increase in manufacturing, agriculture and physical economic development,—and a leap in national economic productivity.

Such a productive use of Public Credit also does not preclude direct bonuses or subsidies to projects deemed vital to the nation's future economic health. The critical reality that must be confronted here, however, is that—as American history has repeatedly proven—a sustained, broad and in-depth development of America's productive physical economy can only be accomplished with a return to the principles and practices of Hamiltonian National Credit.

It is the commitment of LaRouche PAC to make the rebirth of American Manufacturing, so strongly desired by President Trump, succeed beyond his wildest dreams. Further reports toward that end will be forthcoming. Today, we begin with Lyndon LaRouche's 2002 "Special Report: Science and Infrastructure." (See also LaRouche PAC's [pamphlet](#), "The World Needs 1.5 Billion New, Productive Jobs.")

## LYNDON LAROUCHE Collected Works, Volume I

This first volume of the Lyndon LaRouche Collected Works contains four of LaRouche's most important and influential works on the subject of physical economy:



- *So, You Wish to Learn All About Economics?*
- *There Are No Limits to Growth*
- *The Science of Christian Economy*
- *The Dialogue of Eurasian Civilizations: Earth's Next Fifty Years*

**So, You Wish to Learn All About Economics?** was first published in 1984 and has become the single most translated of LaRouche's books.

**There Are No Limits to Growth** first appeared in 1983 as a direct response to the Club of Rome's *The Limits to Growth*, thoroughly refuting the latter's unscientific Malthusian argument, which underlies the "green" environmentalist movement today.

**The Science of Christian Economy** (1991) is a groundbreaking study written by Mr. LaRouche during the five-year period he was unjustly incarcerated as a political prisoner in significant measure for the arguments he sets forth in this book.

**The Dialogue of Eurasian Civilizations: Earth's Next Fifty Years** (2004) follows in the footsteps of Cardinal Nicholas of Cusa to establish the scientific, cultural, and theological basis for a true dialogue of civilizations, in order to successfully address the existential crises facing humanity today.

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# I. The Science of Physical Economy

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AUGUST 23, 2002

## Special Report: Science and Infrastructure

by Lyndon H. LaRouche, Jr.

**Note from the editor:** *Lyndon LaRouche wrote this report under the totally different circumstances of August 2002, under the presidency of George W. Bush (and at a time when LaRouche had already stepped forward as a candidate for the Democratic presidential nomination of 2004).*

*But the reader who studies it, taking those differences into account, will gain a rare understanding of physical economy and infrastructure which is no less true today than it was then, and is indispensable now to illuminate the economic policies needed for a second term of President Donald Trump. It should be read in conjunction with the preceding article by Robert Ingraham and Brian Lantz.*

During the recent two years, the Americas, Europe, and most of the world at large, have come to the fag-end of a decades-long, popular delusion about economics. The present world monetary-financial system is already teetering at the brink of a collapse, a collapse which has been caused by nothing but that delu-

sion. Now, during the Summer months of 2002, it has become clear, even to many among what had been the world's stubbornly wishful dreamers, that the world at large is gripped by the terminal phase of economic collapse of the present world monetary-financial system, a collapse of the 1971-2002, International Monetary Fund (IMF) system. No recovery of that "floating exchange-rate" monetary-financial system, will ever occur, neither during the months ahead, nor over the years to follow.

What we are experiencing, is a form of global crisis far worse than that of 1929-1933. Nonetheless, it is a crisis which we could overcome. It must be conceded, that were we to do no more than repeat the measures of recovery used successfully by President Franklin Roosevelt et al., we would fail to meet the present challenge adequately. We must restore the Roosevelt reforms; but, to succeed, we must add new features, features made necessary by the great changes in political geography and physical economy over the course of the 1933-2002 interval as a whole.

The most urgent of the immediate, specifically physical-economic U.S. reforms required by this crisis, involves immediate adoption of policies for rebuilding the U.S.A.'s basic economic infrastructure. Sweeping

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*LaRouche's emergency infrastructure reconstruction program represents the methods of Alexander Hamilton's American System of political economy. "We must restore the Roosevelt reforms; but, to succeed, we must add new features, features made necessary by the great changes in political geography and physical economy over the course of the 1933-2002 interval as a whole."*



measures for rebuilding the systems of power generation and distribution, water management, land reclamation, health-care, and education, must be fully under way during the 2003-2004 interval. There are two aspects of the United States' basic economic infrastructure which desperately require even more immediate attention, even prior to the November 2002 mid-term elections: saving and rebuilding both the national railway system and the complementary air-transport system.

I explain those needed immediate measures, first describing the crisis-setting, and the national mission-orientation in which such actions are to be understood.

What the U.S.A. is experiencing now, is the closing act of a Classical tragedy: a self-inflicted ruin. This is a ruin deeply embedded in the habits acquired, over several decades, habits acquired by our leading institutions, and tolerated by the overwhelming majority of the population in general. If, and only if, we, as a nation, can come to recognize the error in those presently wide-

spread opinions and habits, we can find a way out of the crisis.

To escape from this crisis, we must abandon so-called "free trade" and "shareholder value" follies, to return to what our republic's first Treasury Secretary, Alexander Hamilton, outlined as an "American System of political-economy," a system entirely unlike the so-called capitalist and socialist systems of Europe. The great German-American economist Friedrich List named Hamilton's outline **The National System of Political-Economy**. It is a system sometimes identified as the "American historical exception": the system of such anti-Locke followers of Europe's Gottfried Leibniz as our Benjamin Franklin, Washington, Hamilton, Mathew and Henry Carey, Henry Clay, Abraham Lincoln, and avowed "American System" follower Franklin Roosevelt.

Solving the present crisis means warning every foolish American populist to stop blaming Washington, and "the politicians" for every actual or alleged



suffering of our people, from taxes to head lice; whereas, our more intelligent citizens rightly blame the menace of West Nile killer-virus on the silly popular opinion which allowed the fraudulent banning of DDT. No nation was ever threatened by destruction from within, except as a consequence of its prevalent popular opinion. In fact, the greatest source of present danger to the United States from our so-called politician class, is a prevalent whorish desire to be found attractive by what that class perceives to be popular opinion. So, we might speak, at times, of “Madam Government,” and, often, of “Hollywood Madam Government.”

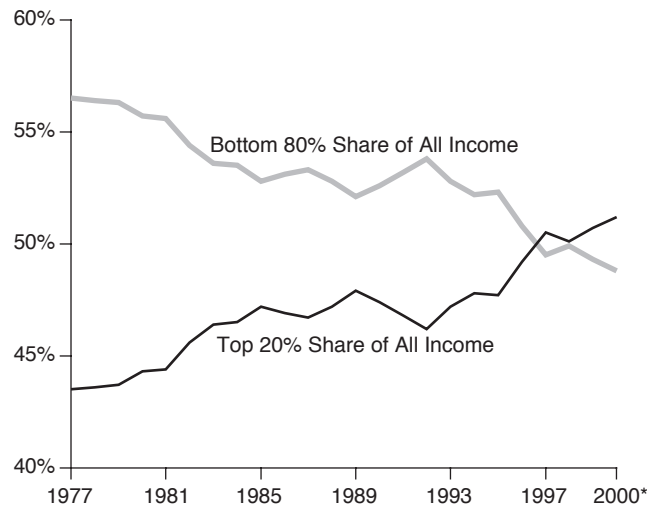
We must accept the reality, that no recovery of the present financial system is possible, unless our minds be freed from the deadly, suicidal, “free trade” and “shareholder value” delusions of current popular opinion about economics. So freed, we were then able to act on the fact, that the hopelessly bankrupt, failed present system must be replaced by something like the successful 1945-1964 Bretton Woods system. Once that is accepted, a solution to the present crisis is possible. However, we can not simply wish for such a change; you must help me, now, to cause it to happen.

The kinds of monetary, financial, and economic reforms which we should remember as the experience of the 1933-1945 Franklin Roosevelt recovery, are a model of the types of recovery measures which will work, once again, today. Now, as during 1944-1945 monetary deliberations, there are two general steps which can bring about a general recovery. First, a concert of nations must apply the methods of financial-bankruptcy reorganization, to replace the presently failed IMF system with a fixed-exchange-rate system. This must be a system modelled on the 1945-1964 period of post-World War II reconstruction. Second, those Franklin Roosevelt-like monetary and financial reforms, must be matched by new economic programs, programs of economic recovery installed as law by governments.

As was done under Franklin Roosevelt during the 1930s, some part of those economic measures, including some expanded infrastructure programs, should be introduced by the U.S. President and Congress right now, before the November 2002 mid-term elections, without waiting for the completion of the needed international monetary reforms. However, today, we can not

FIGURE 1

### Top 20% of Population Have More Than Half of All After-Tax Income



\* = projected

Sources: Congressional Budget Office; EIR

postpone the new monetary system for more than a matter of months. The continued success of the immediate economic measures will depend upon an early agreement to a 1945-1964 type of international monetary reform.

### Hoover, Roosevelt and George W. Bush

Against the background of the present economic crisis, the use of the term “vacation” to describe President George W. Bush’s recent retirement to Texas, has an embarrassing double meaning. Instead of wasting precious time on vacation amusements, such as that propaganda side-show described as the Waco economic summit, President Bush should have pushed his administration and the Congress into two emergency measures to save the core of the nation’s public transport. He should have led actions to stop the virtual free fall of both the presently disintegrating national railway system, and the gravely endangered commercial passenger-airlines system. Were there no immediate action to protect these systems, action along the lines of the Franklin Roosevelt precedent, to save and rebuild those two imperilled elements of our nationwide transport system, the U.S. economy would soon cease to exist as a viable form of national economy. If we let

those rail and air-traffic systems collapse now, it would take years to rebuild up to even the level of those systems today. The danger of such disintegration is an immediate national, economic-security emergency.

I repeat my warning: Were we, now, to allow a further round of that shutdown of our nation's public transport, power, and water-management systems, a shutdown which began under the direction of President Jimmy Carter's National Security Advisor Zbigniew Brzezinski, the United States would cease to have a national economy in fact. Since Brzezinski came into that position of power, in 1977, there has been a persistent, accelerating decline in the real (physical) standard of living of Americans in the lower 80% of family-income brackets (**Figure 1**). Recently, with the 2000-2002 collapse of the so-called "new economy," the lower half of the upper 20% of family-income brackets has been increasingly hard hit with loss of financial assets. That collapse is now about to become much, much worse, unless drastic and sudden changes in national policy and practice are introduced now.

With the looming collapse of Federal Reserve Chairman Alan Greenspan's mortgage-inflation bubble, areas of apparent real-estate booms, such as the greater Washington, D.C. area, are threatened with giant waves of foreclosures, and catastrophically deep collapse in nominal value of the mortgages which had been bundled for processing by Fannie Mae and Freddie Mac. Meanwhile, the international valuation of the U.S. dollar had been propped-up by foreigners' subsidy of the mushrooming U.S. current account deficit, and floods of flows of money, from sources including the OPEC states, as subsidies of the U.S. financial system. Those subsidies are now drying out, as President Bush's support for Prime Minister Sharon's Middle East war, and Bush's pushing for a war against Iraq, is accelerating flight out of the U.S. monetary and financial systems.

As long as the present system persists, no general form of economic recovery will ever occur. The so-called economic fundamentals are hopelessly unsound.

Our nation's situation is broadly comparable to, but far more menacing than that under President Herbert Hoover, during 1929-1933. Hoover did not

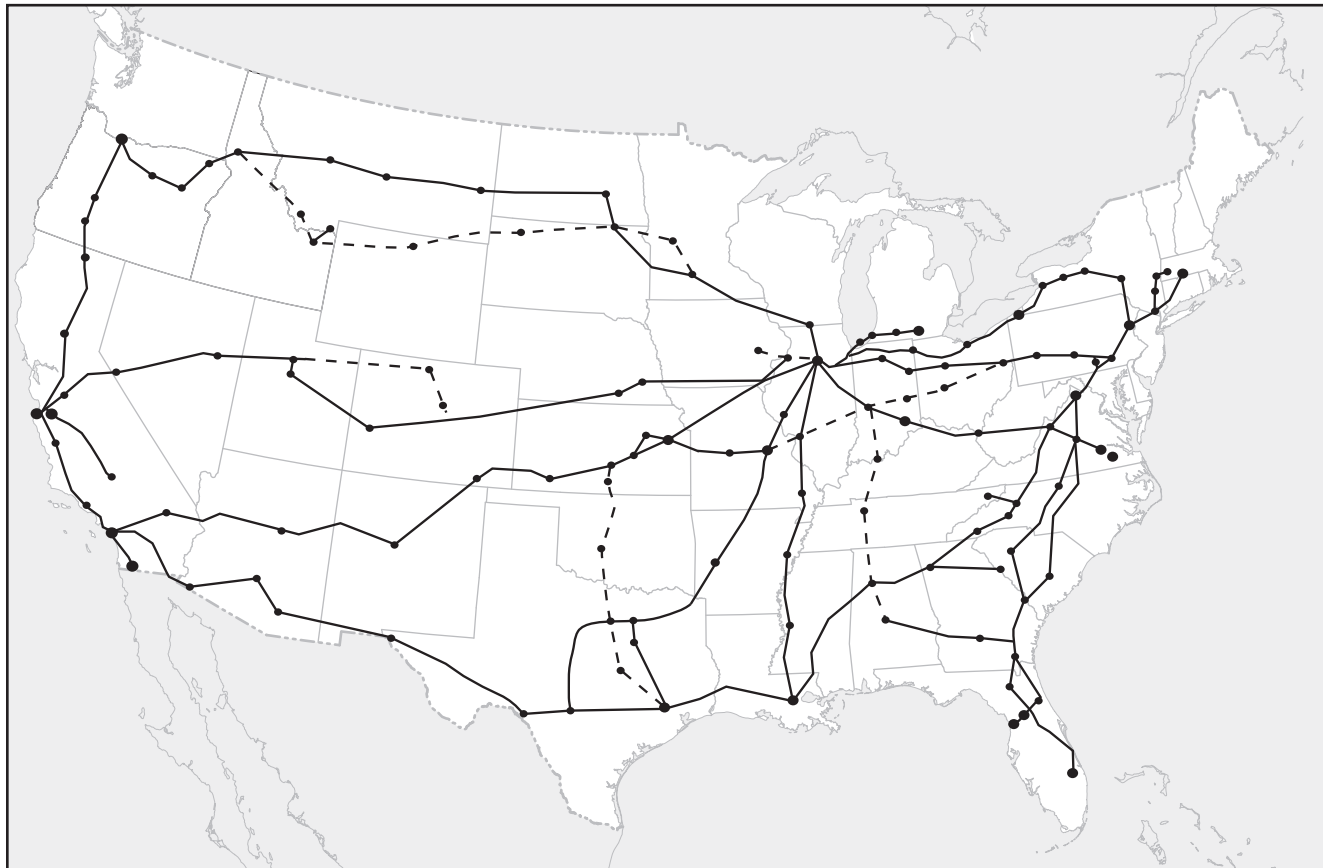
cause the Great Depression of the 1930s, but he refused to reverse the accumulation of policies which had been introduced under Presidents Theodore Roosevelt, Woodrow Wilson, and, especially, Calvin Coolidge. These foolish policies were the accumulated changes, such as the Federal Reserve Act, which, combined with the world-wide reign of the British Nineteenth-Century gold standard, had dominated the 1901-1929 trends in the U.S. and world economy. These were the policies which had ultimately produced the two depressions in the 1922-1933 U.S. economy. It was this trend, continued under Wall Street's Andrew Mellon, which was the primary cause for the 1929-1933 crash.

Now, like Hoover before him, President George W. Bush, "Number 43," has been induced to make some terribly bad decisions. Worst, has been the lie spread by that Administration and also some leading Democrats, that "the fundamentals are sound" and a "recovery on the way." In fact, the U.S. situation today is, as I said, far more dangerous than that of 1933. The first step toward overcoming an economic depression, is to cease denying the fact of the onrushing collapse. There is no recovery, George; Dracula will not be flying tonight, or any night.

Contrary to rumors, Hoover's reelection was not ruined by the Depression; he was ruined by refusing, as Number 43 has done so far, to admit that a genuine depression was in progress. Like Hoover before him, Number 43 did not cause the present U.S. depression; but, like Hoover, he adopted it as his child. That mistake is what ruined Hoover's hopes of reelection. Hoover was not to be blamed for the Depression; he was justly blamed by Franklin Roosevelt for allowing it to become worse. The same blunder would doom Number 43, and most of our citizens, too, unless the President were turned around, to adopt a new set of advisors who might persuade him not to repeat President Hoover's politically fatal blunder.

I repeat a crucial fact. The chief difference between 1929-1933 and today, is that today's crisis, while similar to the Great Depression of the 1930s, is far more serious. Nonetheless, the same principles which Franklin Roosevelt used to save the U.S. then, are key sources of insights, for defining the cure of the epidemic of accelerating collapse presently under way.

FIGURE 2

**Amtrak Rail Lines Lost, 1971-2002**

Source: EIRNS.

## 1.0. The Present National Crisis in Transportation

Compare the portions of the U.S. national railway system which are in service today, with the system in service prior to 1977 (**Figure 2**), and also look back to an earlier time, prior to the late 1950s merger negotiations between the Pennsylvania and New York Central railways (**Figure 3**).

Now, referring to the 1977 map, ask: Which intercity rail routes would be more efficient ways of transporting passengers than passenger air-transport? In making the comparison, assume that modernized rail systems, comparable to France's high-speed intercity system, or the German design for a magnetic-levitation (maglev) system were used.

For example, look at the Northeast corridor from

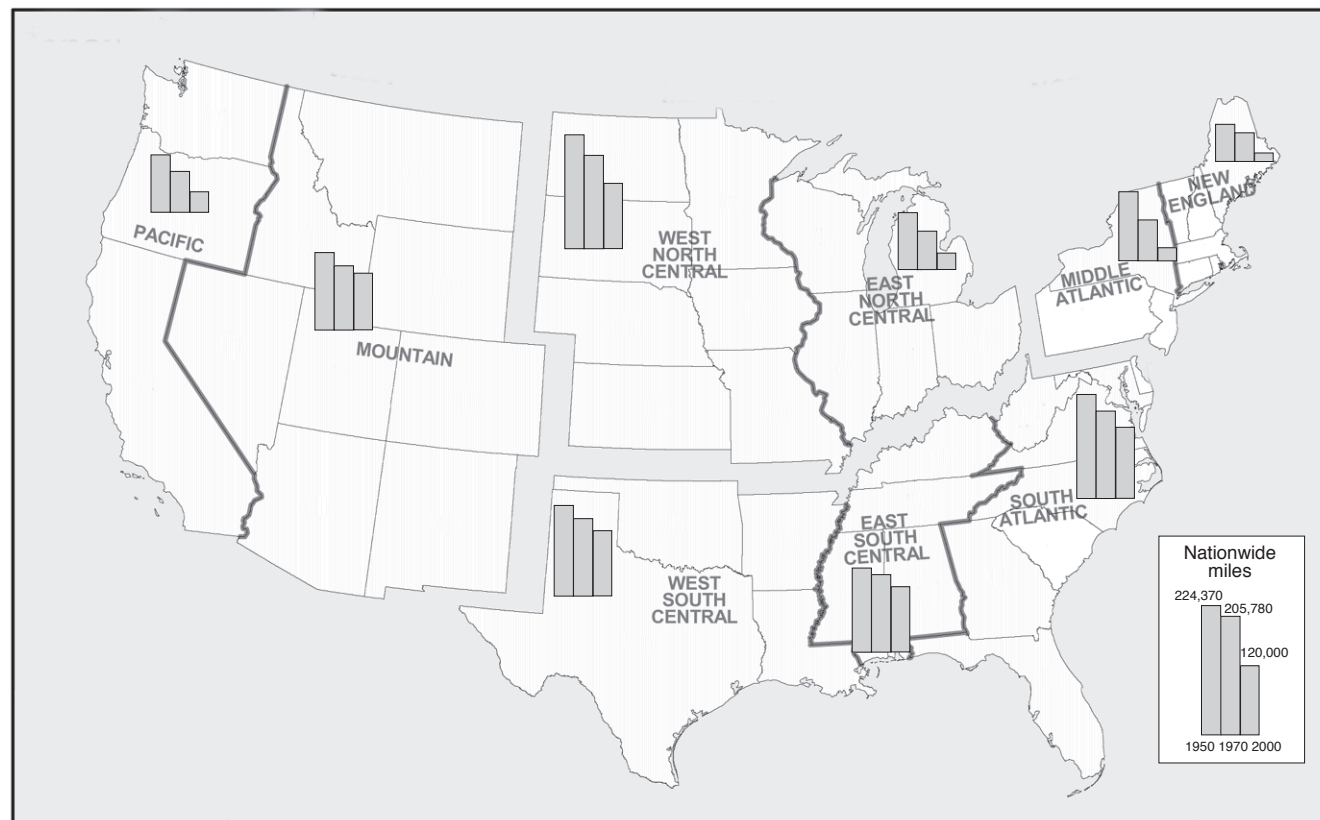
Boston, Massachusetts, down to Washington, D.C. (**Figure 4**). Start from the South Station in Boston, and proceed through Pennsylvania Stations in Manhattan and Philadelphia, through Baltimore, and Washington, D.C. Starting from downtown Boston, through downtown Manhattan, Philadelphia, Baltimore, to Washington, compare the in-travel time of passengers by rail, with the lapsed time required for travel from the city center to the airport, processing to board the aircraft, and so on, to reach a downtown destination in each of the cities en route.

Now, compare the incurred costs to airlines, of maintaining intercity passenger service, with the total incurred costs and lapsed time for travel by modern rail or maglev (e.g., persons, man-hours, miles, lapsed time of movement, dollars of capital plus cost. Lapsed time of movement is calculated as average time, beginning with travel to mode of rail, or air transport, to reaching

FIGURE 3A

**Decline in Railroad-Track Mileage, 1950, 1970 and 2000, By Region**

(Miles of Track)



Source: U.S. Dept. of Transportation.

the ultimate destination for which the rail or air portion of travel is chosen.) (See Table 1.)

Now, continuing to focus on the Northeast rail corridor as a point for comparisons, consider the unpleasant reality, that domestic airlines now in a state of actual or near-bankruptcy, are slashing intercity passenger service as a way of effecting needed economies. Now, consider the action of the Bush Administration, the Congress, and others, in continuing to destroy even the presently remaining national rail service.

Now, compare the total cost to the national economy of moving passengers by highways, rather than rail types of intercity and local mass transit. Include all

of the costs which society incurs by substituting highway transport for rail-type mass transit, including bigger highways, traffic jams, and so on. Thus far, we have only sampled some of the most direct costs of the changes in work- and life-style for both the population in general, and the national economy.

Now, shift attention to a related matter. This time, study the 1977-1980/2000 changes in economic relations among intercity and national rail corridors, on the one side, with collapsing levels of industrial activity in population centers, and with the amounts of passenger travel and freight-tonnage along lines connecting these urban centers. Compare these changes with 1971-2000

FIGURE 3b

**East North Central Region: Abandoned and Existing Rail as of 2002**



John Sigerson / EIRNS 2002



FIGURE 3c

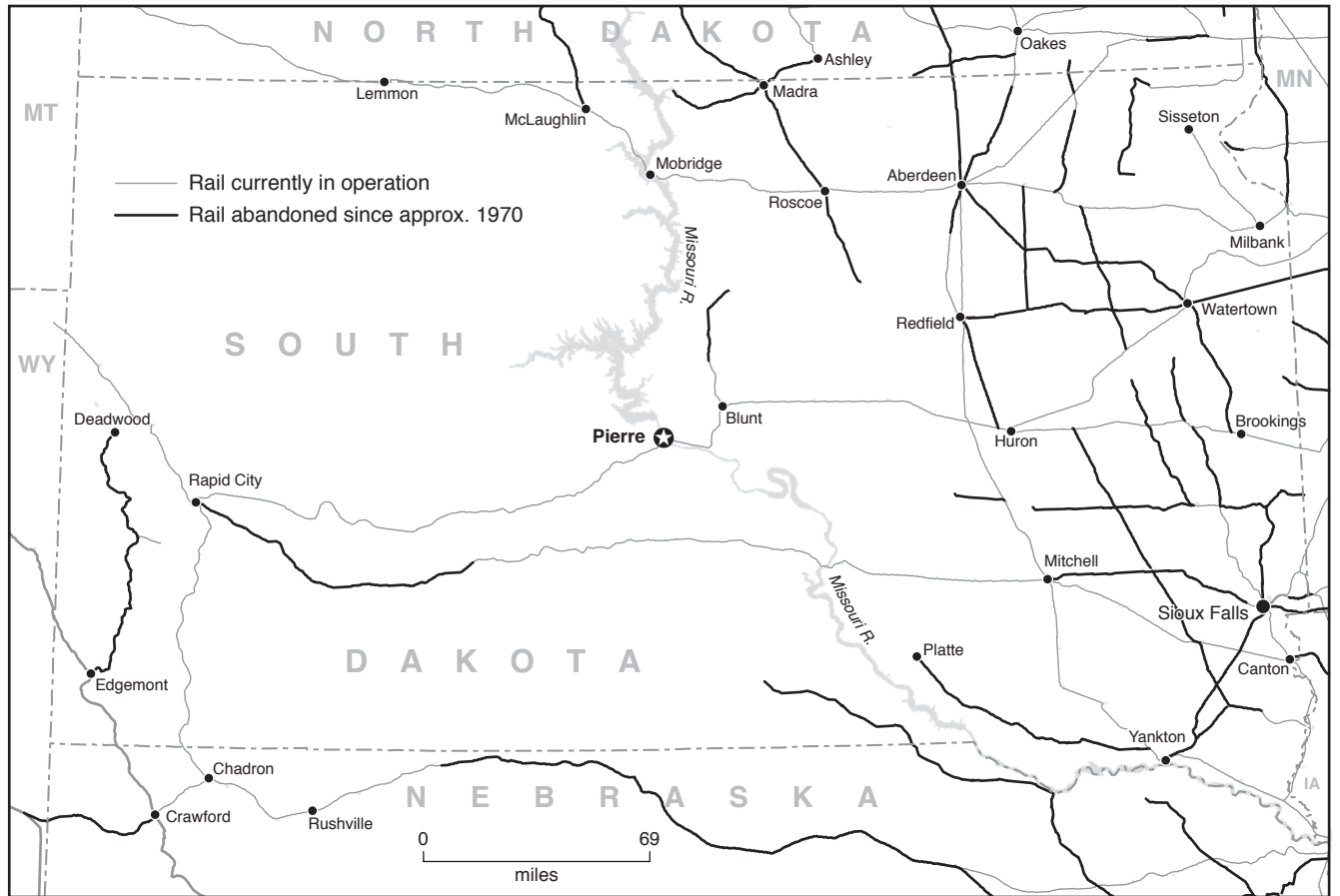
### Middle Atlantic Region: Abandoned and Existing Rail as of 2002



John Sideron / EIRNS 2002

FIGURE 3d

### South Dakota: Abandoned and Existing Rail as of 2002



John Sigerson / EIRNS 2002

FIGURE 4

### The Amtrak Northeast Corridor



Source: Amtrak

## Rail Is Faster in Northeast Corridor

Travel by rail is at least as fast or faster than air travel, in trips between most cities 350 miles (564 kilometers) apart or less. As magnetic levitation is built, it becomes the best mode of transport by far.

Table 1 shows lapsed times of travel, downtown to downtown, from Boston to the leading cities in the Northeast Corridor. Since the Amtrak stations in these cities are located in the downtown areas, they are easily accessible from the city proper as a starting point for travel; whereas reaching an airport requires travel from downtown, usually involving several different vehicles.

The trip from Boston to Baltimore exemplifies the process. Start in downtown Boston and take the Blue Line subway to Logan Airport Station, and then the Massport Shuttle bus to the airline terminal (total transit/ride time for the two vehicles, including a short wait, is 40 minutes). A commuter must now arrive 2 hours before plane departure. The flight to Baltimore will take 1 hour, 28 minutes, and deplaning, another 15 minutes. Then the commuter must take the shuttle bus to the MARC train station, and the MARC train to downtown Baltimore (total transit/ride time for these two vehicles, including average waiting, 1 hour and 15 minutes). From departure in downtown Boston, the traveler arrives at downtown Baltimore 5 hours and 45 minutes later—assuming no baggage is checked.

Compare conventional train travel, and then the more revolutionary magnetic levitation (maglev) train. In each instance, the point of departure is downtown Boston's South Street station, proceeding

to New York's Penn Station, etc. From Boston to New York, Amtrak's normal train service is an hour faster than the airline trip; its higher-speed Acela Express train is an hour and a half faster, although the poor condition of Amtrak's tracks holds the Acela below its top cruising speed. The Acela Express also beats plane travel to Philadelphia, and is comparable in the case of Baltimore.

It may appear anomalous that a trip by air takes less time from Boston to Washington, D.C., than it does from Boston to New York City, only half the distance. It is ground transport to and from the airport that consumes much of the time in the trip to downtown New York City, whereas Washington's Reagan National Airport is a short subway stop from downtown. Thus, the Boston to Washington trip is the only one in which the lapsed time of travel is appreciably less by air than by rail.

But once the United States develops maglev rail, as LaRouche recommends, the situation changes dramatically. Maglev cuts the transport time by 60-85%, depending on the destination. In a maglev system, there is no steel wheel riding upon steel rail; rather, magnetic forces lift, propel, and guide a vehicle over, or under a guideway, so that it "floats" on a magnetic cushion. This eliminates the major source of friction, vibration, and wear on the vehicle, which slows all traditional modes of railroad transport. Maglev systems permit revolutionary methods of locomotion and control of the moving vehicles. Current-generation maglev systems travel, in extensive tests, at top speeds of 280-300 mph (450-492 kmh). At that point, air travel becomes appropriate only for distances greater than 500-750 miles (805-1207 km).

—Richard Freeman and Anita Gallagher

TABLE 1

### Northeast Corridor: Travel from Downtown Boston in 2002

(Hours in Transit, by Mode)

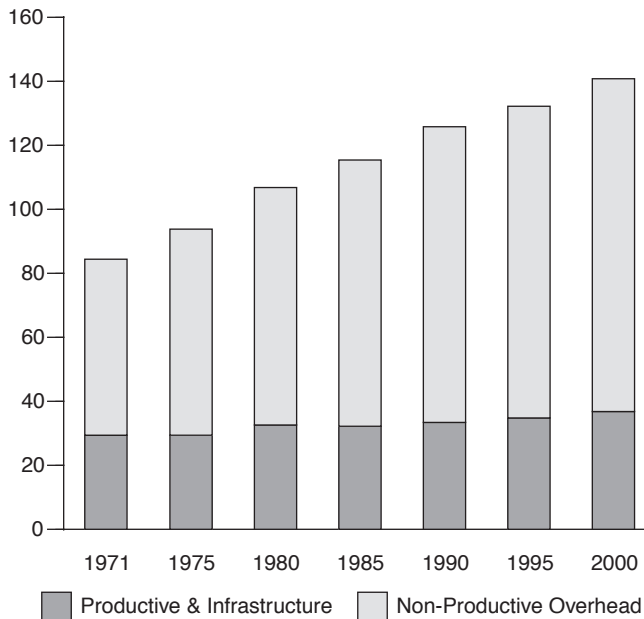
	Distance from Boston	Airline, No Baggage	Airline, Baggage Checked	Normal Amtrak	Amtrak Acela Express	Maglev Train
New York	208 miles (335 km)	5.50	6.00	4.25	3.65	0.90
Philadelphia	299 miles (481 km)	5.25	5.75	6.00	5.15	1.30
Baltimore	404 miles (650 km)	5.75	6.25	7.50	6.35	1.90
Washington, D.C.	434 miles (699 km)	5.00	5.50	8.10	6.90	2.00

Source: Amtrak; Airport Services; EIR.

FIGURE 5

### U.S. Labor Force, 1971-2000: Non-Productive Overhead Grows

(Millions of workers)



Source: U.S. Dept. of Labor, Bureau of Labor Statistics, "Employment & Earnings"; U.S. Department of Commerce, "Statistical Abstract;" U.S. Department of Health and Human Services, Health Resources and Services Administration, Bureau of Health Professionals; U.S. National Center for Health Statistics; *EIR*.

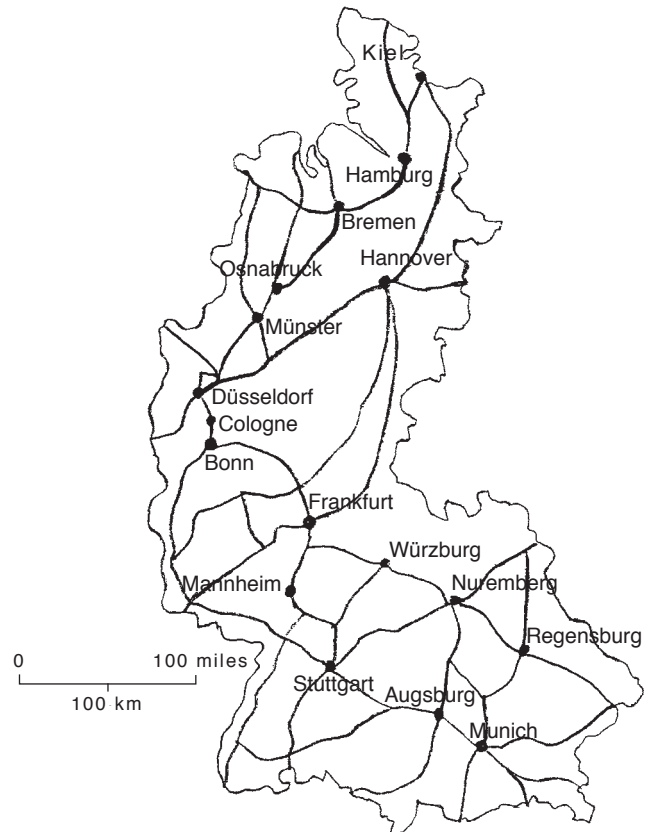
changes in the percentiles of the total labor force employed as operatives, engineers, and technicians, in capital-intensive forms of manufacturing and farming (**Figure 5**). Compare these U.S. data to the case for the agro-industrial economy of Germany over the interval 1971-1989 (**Figure 6**). We have reduced the percentile of the labor force employed in production of physical goods, while increasing the percentile employed in such forms of overhead costs as unessential low-skilled services and administrative routines: no way to run a railroad!

Ask: What is the meaning of those changes to which these selected statistical benchmarks point?

Beginning approximately the time coinciding with the U.S. entry into its official 1965-1972 war in Indo-China, the U.S. economy underwent a profound change. It turned away from its tradition as the world's leading agro-industrial nation, to become an increasingly decadent culture, to become what has been called a "post-industrial," or "consumer" society. I have

FIGURE 6

### West Germany 1989: Selected Routes of Rail Grid



compared this 1965-2002 plunge into economic and cultural decadence, to the degeneration of ancient Italy which characterized Roman civilization and its tradition, from approximately the close of the Second Punic War, until the emergence of modern European civilization during the Florence-centered Fifteenth Century Renaissance of the anti-Romantic, Classical Greek tradition.

Those powerful political-financial forces which had hated President Franklin Roosevelt, seized the opportunity presented by his untimely death, to begin tearing up the foundations of those American constitutional traditions which Roosevelt had invoked to rebuild the U.S.A. as the only world power to emerge from the 1939-1945 war in Europe.

During 1933-1945, Roosevelt rebuilt the power and prosperity of the U.S.A. through his reliance on that principle of the general welfare which is known as *agapē* in the Classical Greek of Plato and of the Christian Apostles John and Paul; rebuilt the ruined nation he

inherited from President Hoover's failing fingers. His opponents preferred the contrary tradition of Presidents van Buren, Polk, Cleveland, Theodore Roosevelt, Woodrow Wilson, and Coolidge. Once the war had been surely won, those opponents used the occasion of the President's death, to begin the process of uprooting the constitutional foundations of that Roosevelt-led, capital-intensive economic reconstruction of the nation's physical productive powers, which had been built up during the 1933-45 interval.

### **Nixon's 1971 Decision Undid FDR's Work**

The primary target of this Roosevelt-hating, so-called "conservative" financier-led interest, was the popular base of Roosevelt's leadership. The objective was to begin the process of ripping the general welfare clause out of the U.S. Constitution, and gradually degrading and corrupting those portions of the population which had elected Roosevelt to an unprecedented four terms as President.

Until President Eisenhower's retirement from office, and the assassination of President Kennedy, the Roosevelt legacy was still so deeply embedded in the U.S. population, that the enemies of that legacy, the nuclear-utopian cabal, were limited to corrosive, but inconclusive victories in their determination to turn back the clock to Teddy Roosevelt, Wilson, and Coolidge. The case of the Suez Crisis illustrates that point. The assassination of President Kennedy and the launching of the official U.S. war in Indo-China, signalled the takeover of U.S. political and economic policy-shaping by a force which Eisenhower had denounced as "the military-industrial complex." That "complex" is what is otherwise known as the utopian financier/war-making interest, as presently typified by its sympathies for Israel's Ariel Sharon and the political "chickenhawks'" foolish lust for a new war against Iraq.<sup>1</sup>

Under the growing influence of those wild-eyed utopians, who used their roles as caricatures of Roman imperial pro-consuls, to control both the Nixon and Carter Presidencies, the United States underwent a fundamental change in outlook echoing the imperial impulse of post-Second Punic War Rome. Imperial

Rome ceased to be a productive economy, and, instead, relied increasingly on looting those populations which it subjugated both within its empire, and on the Empire's borders. The crucial blow which brought about the transformation of the U.S. from a productive, to a degenerate, consumer society, was the launching of the anti-Franklin Roosevelt decision of August 15, 1971. That decision destroyed that Roosevelt-designed Bretton Woods system which had organized the great post-war economic build-up of 1945-1964. President Nixon launched the so-called "floating exchange-rate" system which led into the presently onrushing collapse of the post-1971, global monetary-financial system.

The collapse of many of the former industrial centers of the U.S.A., the collapse of the technologically progressive family-farm system, and the collapse of the U.S. rail system, are leading markers of a decadent United States driven now, like the fabled lemmings, to the waiting brink of the cliff.

From the time of the 1944 Democratic primary campaign, until the present, the utopian financier circles of the U.S.A. and the far-flung British Empire, were obsessed with the idea of building a post-war, English-speaking world empire, a utopians' empire modelled on the widely publicized "Open Conspiracy" design presented jointly by the utopian nuclear-weapons fanatics H.G. Wells and Bertrand Russell and their followers.

### **Was It a 'Conspiracy'?**

At that point in this report, one can hear today's wild-eyed maenads and satyrs shrieking their protesting cries of "Conspiracy theory!"

Fools like those, when met among academics, are easily recognized as victims of those types of wild superstitions met among such followers of the Cathar cult as the empiricists John Locke, Bernard Mandeville, François Quesnay, David Hume, Jonathan Edwards, Adam Smith, and Jeremy Bentham. These cultists worship a god of the gamblers, whose "Invisible Hand" operates from under the floorboards of the universe, fixing the roll of the dice, so that some men, preferred by that "Maxwell demon," become rich, and others poor. For such superstitious fellows, history is shaped by statistical accidents beyond the comprehension of the human will. For them, religion is a form of worship of an all-powerful, demonic croupier allegedly lurking under the floorboards of reality.

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1. The term "chickenhawks" is currently used to point out the lack of U.S. military service records among those fanatics currently most zealous in their reckless demands for a more or less immediate war against Iraq.



If one points out the existence of such rules of behavior promoted by those influential peddlers of superstition, worshippers of that demonic “Invisible Hand” may burst into mindless, repeated chanting of “Conspiracy theory!”

Contrary to such superstitious fellows, history is actually shaped in the way the German Classical military doctrine of *Auftragstaktik* implies. I explain.

History is shaped as Johannes Kepler, the original discoverer of gravitation, and first founder of a comprehensive form of modern mathematical physics, defined the organization of the Solar System. God, says Kepler, governs the lawfully ordered orbit of the planet by an *intention*, an intention which Kepler identifies as a *knowable universal physical principle*, the principle of gravitation. God is no gambler’s bookmaker, no statistician. He is a God of truth, not mere opinion; He is a God of universal physical principles, principles which, as Kepler shows, express His *intention*.

In society in general, as in government itself, government can, at best, choose a course of national action based upon proven universal principles. However, that knowledge of principles is not perfect forewarning of what will actually occur. We poor mortals never know *all* of the principles which are operating; therefore, the field commander, or corporal will probably find that the combat or analogous situation he faces, is not exactly the situation which he, or his superiors expected. His challenge, therefore, is to discover how to fulfill the specific mission to which he is assigned, by using his professional skills and powers of creative leadership, to develop the needed tactic on which successful leadership in the mission depends. In the extreme case, as “old” Moltke illustrated the principle for a specific case, the local assigned task may even be cancelled and replaced, on the judgment of the trusted local commander. In German: *Auftragstaktik*.

Therefore, success of the mission often depends on what is best termed “flanking” the opposition. Often, this means recognizing an exploitable flaw in the opponent’s tactical expression of his intention. Since the definition of the principles of *strategic defense* by France’s great engineering officer Lazare Carnot, superior skill in development and use of logistics, rather than kill-power, is a crucial margin of difference in warfare, or comparable mission-oriented enterprises. The example of Gen. Douglas MacArthur’s direction of the Pacific

War, is an example of the preeminent role which strategic defense assigns to logistics.

It is the same in all important missions in life.

In peace, or war, the laws and customs of a society combine in their effect, to form what scientists term a *system*, as a specific form of mathematical physics is a system. By “a system,” we should understand something comparable to Euclid’s geometry, his **Thirteen Books of the Elements**. The system is based upon an approximately fixed set of definitions, axioms, and postulates. That system is filled out by adding an accumulation of theorems and related impedimenta, each and all of which are presumed to be not-inconsistent with the set of definitions, axioms, and postulates. A body of popular opinion, for example, has many of the characteristic features of such a system. For example, the culture of Belshazzar’s Babylon was such a system, in approximation. The notion of such a system is the point of Percy Shelley’s poem “Ozymandias.”

The point to be emphasized, is that virtually all such systems encountered in scientific practice, or the prevalent practice of a society, are flawed. Most social systems known from history have been exposed as tragically flawed. The rational study and criticism of such mathematical and social systems, is the branch of science known as *epistemology*. A body of religious belief is such a system. The doctrine of Karl Marx’s four-volume **Das Kapital**, represents such a system. Any current body of popular opinion has the qualities of such a system.

For example, when a fanatical adherent of the system known as empiricism or logical positivism, screams “Conspiracy theory!” he is denying the fact that empiricism is a system. That means the empiricism common to such as Sir Francis Bacon, Thomas Hobbes, Lord Shaftesbury’s John Locke, Bernard Mandeville, David Hume, Adam Smith, Jeremy Bentham, and their imitators. The respective, competing, neo-Aristotelean outgrowths of the modified empiricist systems constructed by Immanuel Kant, G.W.F. Hegel, and Hegel’s crony Savigny, and other post-1789 Romantics, are specific types of systems which are not only distinct sub-types of empiricist systems, but they can not be understood in a practical way, unless they are recognized as systemic outcroppings of both anti-Classical Romanticism in general, and empiricism in particular.

For example, the current form of combined eco-

conomic and social philosophy of practice of the present United States, is a system. It is a system which has connections to the earlier systemic features of U.S. mass behavior, but which is functionally distinct from the dominant systemic features of pre-1965 mass behavior of the U.S. The change of the United States from its earlier character as a producer society, to its recent decadence as a consumer society, is typical.

For example, most among those Americans who passed through adolescence during the 1960s, often seem almost a different species than their parents' and grandparents' generations, chiefly because of the cultural paradigm-shift characteristic of the mid-1960s shift from a producer-oriented system toward a consumer-society system. There is an even more pronounced cleavage between the systemic outlook of the "Baby Boomers" and their children's generation.

It is such systemic features of cultures, and such systemic differences among successive generations of the same culture, which are crucial in attempting to make any important forecast of the likely developments within a society as a whole, or a definable stratum of that society. My unequalled success as a published long-range economic forecaster, is due chiefly to my emphasis of the overlay among two kinds of systems: The system represented by physical science, and systemic features of the differentiated social-cultural systems of which a society is composed.

Whether in Classical tragedy, or current history, the crucial features of long-ranging social processes, are most clearly expressed by the effects of the breakdown of what had been previously well-established social-political systems. In such latter cases, the society's habitual adherence to customary rules of behavior has led, ultimately, to a loss of that system's superficially apparent, temporary appropriateness to the situation now confronting it. "The system doesn't work any longer as it was supposed to!" So, a generation or more after the rise of the ideology's influence, perhaps longer, reality has overtaken the system, exposing the fatal flaw embedded within it from the beginning.

The farcical "economic conference" recently performed at Waco, is an exemplary symptom of such a breakdown at the end-phase of a previously habituated system of mass behavior. President Herbert Hoover's pitiable folly, in his response to the 1929-1933 crisis, is an example of the way in which what had been considered reliable beliefs, turn cruelly against the believers.

Such are the evidences of what is accurately identified as a *systemic crisis*.

The following little example is noteworthy.

The occurrence of what had been the inevitable collapse of Enron, has triggered a hue and cry against alleged "bad apples" among prominent executives of corporate basketry. Foolish people now cry: "Weed out the bad apples, and all will be well once again!" In fact, the badness of those apples, the inherent moral corruption of those apples, is an inevitable product of the system launched by Federal Reserve Chairman Paul Volcker in the fourth quarter of 1979, a system continued by Volcker and Alan Greenspan ever since: the so-called "shareholder value" system.

To clean up that system would require nullifying all of those relevant legislation and Federal court decisions since 1982, which favored the practices of Ivan Boesky, Michael Milken, the Keating Five, and George Soros. The rotten-apple system features the role and influence of the Democratic Leadership Council (DLC), deregulation, "privatization," and so on, which went into building such edifices as the financial architecture and corporate practices of Enron, the dot.com bubble, and the Fannie Mae-led mortgage bubble. The problem is not the apples; the source of the rot in those apples is the tree. The rot is the decadence built in, axiomatically, to the consumer society as a species of political-economic system and legal philosophy.

## When Men Conspire

The scrupulous epistemologist warns, that the uses of the term "conspiracy" have one meaning in common, but also three meanings which are explicitly contrary to one another.

Each of these uses of the term, signifies a sharing of intention among some, or even nearly all of the members of a society. In the term's common use, it signifies a plot, a scheme, to some purpose which is held secret from persons outside that particular association. In the more significant use of the term, it points toward a sharing of belief in a set of assumptions which have the implied character of a special set of definitions, axioms, and postulates. In the latter case, we may speak of "shared belief in a system." *We speak of systemic, rather than ad hoc conspiracies.*

All of the important features of the present U.S. economic and monetary-financial crises, are reflections of the effects of widespread sharing of what are chiefly the

misguided beliefs (*vox populi*) of a large population. The center of the systemic conflict so defined within today's U.S.A., is the often embittered opposition between those who believe in the regulated, production-oriented American System of political-economy of President Franklin Roosevelt, and the opponents of that system, who prefer the decadent, consumerism-oriented system of deregulation and "free trade" currently preferred among anti-Roosevelt, American Tory ideologues. It is the latter system whose axiom-driven failure has prepared the way for, and unleashed the present world depression.

Today's relevant, *systemic conspiracies* are assorted among three outstanding types.

The first two types, represent, respectively, ad hoc or systemic forms of belief in a fixed system, the latter like that of both Aristotle and the empiricists; the definitions, axioms, and postulates of the system remain permanently constant within the limits of that specific system. The third type, expresses the Classical conception of man in the universe as typified by Plato, Kepler, Leibniz, Gauss, and Riemann. This latter view *rejects axiomatically* that notion of a fixed set of so-called "ivory tower" axioms, which we associate with Aristotle, Claudius Ptolemy, and empiricists such as Galileo, Descartes, Bertrand Russell, et al.

The third view is typified by the discoveries of mathematical physicist Bernhard Riemann, as Albert Einstein came around to accept, explicitly, that view—of a finite but unbounded universe—which had been defined by the discoveries of Kepler and Riemann. This third view is that which I have shared, with increasing efficiency, since adolescent wrestling with the leading Seventeenth- and Eighteenth-Century English, French, and German philosophers, including Leibniz and Kant. My choice is the view which corresponds in practice to what Alexander Hamilton defined as *the American System of political-economy*. This third view, explicitly that of Leibniz, locates the source of profit of national economies as a whole in the development of *the physical productive powers of labor*; a development originating in the discovery and application of *new* universal physical principles.

That American System has its explicit origins in two crucial aspects of Leibniz's discoveries in political-economy. First, Leibniz's founding and initial elaboration of that branch of physical science known as *physical economy*, over the interval 1671-1716. Second, as

the U.S. 1776 Declaration of Independence attests, Leibniz's definition of "Life, Liberty, and the Pursuit of Happiness," in his exposure of the fraud of John Locke's Cathar-like, pro-slavery definition of "Life, Liberty, and Property."

In the third view, the only source of actual profit of an economy as a whole, is the application of discovered universal physical principles to the effect of creating new states of nature, states of nature which could not have existed prior to making those discoveries of what are provably universal physical principles. *The proof must be physical, not mathematical.*<sup>2</sup> The typical effect of such policies of science-driven practice, is to increase what I have defined as *the potential relative population-density of society*, as measurable per capita and per square kilometer of the Earth's surface.

### Three Characteristics of the American System

The meaning of the term "ideas," as defined by Plato and his followers, is restricted to the implications of such a definition. Such discoveries of principle (ideas) are of two forms. First, the discovery of ideas concerning nature, as by an individual discoverer of a principle of abiotic physics or of biology. Second, discoveries of social principles bearing upon mankind's increased power to acquire, and cooperate in realization of such ideas. The latter ideas, respecting the intellectual organization of social relations, have distinct physical effects. *Therefore, such ideas respecting the social organization of mankind around ideas, also qualify efficiently as universal physical principles, in the same sense as any other experimentally validated discovery of a universal physical principle.*<sup>3</sup>

Therefore, the ability of society to generate a true profit, depends absolutely on the discovery and application of man's discovery of both classes of new universal physical principles, as I have included among physical principles, certain types of ideas respecting social organization. With that important qualification, we might

2. Cf. Carl Gauss's 1799 announcement of the discovery of the fundamental theorem of algebra is the Classical refutation of the axiomatically "ivory tower" mathematics of d'Alembert, Euler, and Lagrange, and also of Laplace, Cauchy, Clausius, Grassmann, Felix Klein, Ernst Mach, et al. Gauss's argument echoes those of Archytas, Plato, Eratosthenes, et al., showing that there exist only physical solutions for the doubling of the square and cube.

3. Lyndon H. LaRouche, Jr. **The Economics of the Noösphere**, EIR News Service, Washington, D.C., 2001.

say that the only source of sustainable true profit of a society, is the quality of scientific and technological progress driven by an ongoing process of an individual's voluntaristic discovery and application of an expanded store of such combined types of universal physical principles.

Thus, we should rightly regard the influence of the doctrines of the neo-Manichean Cathars, as echoed by Locke, Quesnay, Mandeville, Adam Smith, et al., as intrinsically evil, since those doctrines define a social order in which the prosperity of a few, is premised upon the subjugation of the many to the status of dumb-down virtual human cattle. In opposition to such wicked doctrines as those of such neo-Cathars, the American System of political-economy is premised upon the efficient sharing of participation in a system based upon increasing the productive powers of labor, an increase effected through fostering and employing increasingly capital-intensive investment in scientific and technological progress; through fostering the universal increase of the productive powers of labor.

Such progress confronts us with three leading propositions. First, progress as expressed by the individual's economically efficient relationship to the state of affairs of the existing society; second, the physical condition of the society in which that individual is acting; and, third, the care for the welfare of the individual member of society, including the transmission of the store of knowledge of principles, culture per se, to the development of the individual, especially the immature, new individual.

Therefore, the primary function of government is *to conspire* to provide and maintain the system which responds to those requirements. This intention is best served by the American System of political economy.

That *system* has three leading components: *basic economic infrastructure*, the economic responsibility of government; *economic entrepreneurship*, the economic function contributed by the individual proprietor; and, *culture in the Classical sense of that term*. These characteristics of the American System of political-economy are expressed essentially in the Preamble of that U.S. Federal Constitution which is everywhere subject to the controlling principles expressed by the Preamble.

Three essential principles are expressed by that Preamble, two primary, one an important corollary. First, the principle of perfect *sovereignty*; second, *the prin-*

*ciple of the general welfare*; and, third, that *the general welfare is defined as including that of posterity*, not only those presently living.

The significance of that Constitution, as defining an historically exceptional quality of U.S. accomplishment, is best demonstrated by looking at the axiomatic folly embedded in the European models of parliamentary systems.

To begin, we should stress that anyone who regards U.S. constitutional law as rooted, in any sense, in the English *Magna Carta*, is a hoaxster or a fool. The *Magna Carta* was intended and applied to defend the form of baronial anarchy characteristic of a feudal system of virtual slavery. The intent was to protect the privileges of "serf-holder value" from any attempt to establish a sovereign nation-state accountable for the general welfare of the nation and its people. The imposition of that *Magna Carta* typifies the order of Europe during the brutal near-millennium of domination of Europe, and other parts of the Mediterranean region, by the imperial maritime power of Venice's financier oligarchy.

Throughout most of the centuries during the interval from the death of Charlemagne until the death of England's Richard III, Europe and the adjoining Mediterranean region were dominated by a partnership between Venice and the brutish Norman heritage of William the Conqueror and his Plantagenet/Anjou successors.

The Norman conquest of England, and all of the Crusades, were a continuing expression of this Venice-orchestrated alliance of so-called "ultramontane" interests against recurring efforts to establish sovereign states. The efforts to "globalize" the world economy today, are an attempt to resurrect the depraved conditions of life under medieval Venice's imperial sway. The rise of Venice-orchestrated religious warfare within Europe, from 1511 through 1648, was a product of this same ultramontane interest.<sup>4</sup>

With the decline of the temporal power of the city of Venice, following the 1648 Treaty of Westphalia, the

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4. Much credit for ending that war belongs to Pope Urban VIII and his special diplomat, France's Jules Cardinal Mazarin. Mazarin was key in bringing about the Treaty of Westphalia. For that reason, Mazarin's Jean-Baptiste Colbert has been bitterly hated and libelled by the Netherlands and British followers of the Venetian oligarchical model, ever since. The development of what became the American System of political-economy owes much to Leibniz's alliance with the circles of Colbert.



Venice model of financier-oligarchical forms of imperial maritime power, was adopted by the rising financier oligarchy of the Netherlands and England. The cases of William of Orange and the Eighteenth-Century British East India Company, typify this development. It is fairly said, that the parliamentary systems of Europe since 1648, owe most of their axiomatic characteristics to the legacy of either Venice's traditional asset, the Habsburgs, or the Anglo-Dutch imperial maritime form of oligarchical model.<sup>5</sup> The axiomatic difference between the United States' constitutional American System of political-economy, and British capitalism, and also Marx's principled opposition to the U.S. economy and Constitution, are rooted, respectively, in the Venetian characteristics of Anglo-Dutch financier-oligarchical models and Marx's scientifically illiterate defense of the British model against the contrary American system.

Thus, the most characteristic feature of governments derived from the Venetian imperial-maritime model, is the establishment of a private corporation, a "central bank," as a separate, ruling financier power: a virtual power over governments, as Presidential candidates Gore and Bush agreed in their 2000 campaign debates. The U.S. Federal Reserve System, created at the direction of the personal banker of England's Edward VII, Ernst Cassel, through Cassel's New York agent Jacob Schiff, is such a Venice-style echo of Venice's medieval Lombard banking system of Bardi, Perruzzi, et al. The new form of International Monetary System (IMF), launched on August 15, 1971, has since shown itself, as in the cases of Argentina and Brazil, a faithful heir of that Lombard banking-system which wiped out one-third of the population of Europe during the mid-Fourteenth-Century "New Dark Age."

Lacking a form of Presidency specified by the U.S. Federal Constitution, the parliamentary systems of modern Europe have been the lawful prey of either foolish monarchs, such as Edward VII, Kaisers Wilhelm and Franz-Josef, and Czar Nicholas II, or of those central banking interests which act in concert to topple

elected parliamentary regimes almost at whim.

The root of the centuries-long conflict between the American patriots, such as Lincoln and Franklin Roosevelt, on the one side, and the American Tories, since Judge Lowell and Jeremy Bentham's agent, the Bank of Manhattan's Aaron Burr, on the opposing side, is this issue of central banking. It is a matter of principle, that a government which is unable to exert sovereignty over its credit, currency, and banking system, has no real sovereignty at all. Only as under a Presidency as powerful as Franklin Roosevelt's was, can the Venetian-style oligarchical insolence inherent in an existing central banking system be held in check. The appropriate measure for all times, is typified by Treasury Secretary Alexander Hamilton's design for a U.S. National Bank.

### What Was LaRouche's Conspiracy?

At this point, for the sake of clarity, I shall now shift for a while, to referencing myself in the third person singular.

That axiomatic conflict between sovereign government and central banking, has been the uninterrupted issue of a LaRouche Presidential candidacy since 1975. As official FBI documents and comparable sources have documented repeatedly, since 1973, the combination of Lyndon LaRouche's uniquely vindicated long-range forecast of what happened on August 15, 1971, combined with LaRouche's humiliating defeat of Professor Abba Lerner, in a celebrated public Autumn 1971 debate at Queens College, marked LaRouche as an intellect to be feared by the financier interests which had launched the new, floating exchange-rate monetary system on August 15, 1971. LaRouche's 1975 announcement of his 1976 Presidential candidacy, his launching of a Middle East peace initiative in April of that year, and his simultaneous proposal for an emergency international, gold-reserve-based monetary reform, produced vivid, often even paranoid expressions of intellectual fear from relevant quarters, such as then Secretary of State Henry A. Kissinger.

The problem has been, that since the assassination of President Kennedy, no President has challenged the post-Roosevelt arrogance of the Federal Reserve System. Since 1976, no currently prospective U.S. Presidential candidate but Lyndon LaRouche has shown the indispensable combination of knowledge and commitment to principle, required to challenge those reigning American Tory interests (including tra-

5. In modern history, the Spanish and Austrian branches of the Habsburg monarchies are expressions of a broader *Fürstentum* assembled from a recurring alliance of feudal princes often operating under the title of "Holy League." This body was usually more powerful than the monarch himself, and usually ran the secret police agencies (e.g., *Geheimpolizei*) through the *Fürstentum*'s control over Chancellors such as the famous Prince Metternich.



ditional organized-crime interests) which presently exert jointly, top-down control over the political parties, many parts of the Executive branch, and the Federal Courts.

The issue has been: Will the leading parties, and the voters generally, continue to support only Presidential candidacies acceptable to the Tory forces controlling the Federal Reserve System? If we continue to support that system of selection even now, the United States is probably doomed to an early end of its existence in its present constitutional form, and to a hopeless plunge into something far worse than a mere depression, into a general breakdown crisis.

President Reagan had some of the essential qualities of a President, and, beyond reasonable doubt, Bill Clinton was, personally, the most intelligent of the Presidents since Jack Kennedy. However, if the President of the United States lacks the combination of intelligence, knowledge, and guts, to take on the American Tories' financier oligarchy, directly, consistently, without vacillating as all political opportunists do, "He ain't worth shucks" in today's crucial moments of existential crisis.

Suppose a candidate now qualified for the Presidency is presented. Would the majority among citizens support that candidacy? Offhand, most observers would agree, "Probably not." If they are right, what happens to the U.S.A.? Therefore, as was the case with the self-doomed citizens of Italy under ancient Rome, the greatest source of danger to the people of this nation is their own current popular opinion. That popular opinion is also a system, the system which is, in fact, the greatest single threat to all of them today.

Such was always the cause of a nation's doom, on the stage of Classical tragedy, or real-life tragedies of actual nations or cultures. The root of a self-inflicted national tragedy lies in the smallness of the mental life of the people; tragedy is what a people, a popular culture, does to itself.

If you have not been working to change popular opinion, as candidate LaRouche is doing, you were not qualified to become President in 1976, 1980, 1984, or any later time, up to the present. A real crisis requires real leaders, like Athens' Solon, even if the only such available are wise-cracking old geezers. Real leaders, in such a time, are those who challenge the authority of the foolish popular opinion which got us into the mess; the cowards appeal to the very prejudices which they

seek out and to which they appeal; they have created the disaster. Otherwise, the cowards and bunglers reveal themselves to be such, by their attacking isolated, so-called individual "issues," usually local or special-constituency issues, rather than the actually determining role of influential personalities in all crucial historical matters. *Real leaders for a time of crisis are those who act for relevant, competent, axiomatic changes in the existing system. Such is the lesson which history had already taught to those wise enough to have learned.*

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## 1.1. Where Transportation Fits In

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The chief feature of the general division of labor in a healthy form of modern nation-state, is the distinction between what are distinguished from one another as, on the one side, basic economic infrastructure and, on the other, the role preferentially assigned to private entrepreneurship in such categories as agriculture, manufacturing, and relevant learned professions and useful crafts.

Essentially, speaking in broad terms, that which pertains to the relative universality of all the general area of land and sea, and to the entire population occupying that territory, is the responsibility of the sovereign nation-state and its agencies of government. That which pertains to the particular individual, family, or to persons associated in some closely held private enterprise, should be usually treated as within the province of private enterprise.<sup>6</sup> General transportation, by sea, ports, inland waterways, rail, and also public highway systems, typifies the government's unique responsibility and authority for creation, maintenance, and direction of basic economic infrastructure. General land-maintenance, development and management of water resources, related functions of public sanitation, the gen-

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6. Today's publicly held joint-stock corporation, is, typically, a different order of species than an entrepreneurship. The latter functions under the intent of the right to hold and use personal property under the protection and rules of government, and within the bounds of the "general welfare clause." Although this is specific to the U.S. Constitution, the notion of a commonwealth was the principle of natural law underlying the practice of post-feudal, modern European civilization since France's Louis XI and England's Henry VII. The moral inferiority of the Wall Street-controlled variety of large corporation to the entrepreneur has gone to extremes, for the worst, under the impact of the recent thirty-five years cultural paradigm-shift, especially since Zbigniew "technetronic" Brzezinski's 1977-1981 reign as National Security Advisor.

eral production and distribution of power, are also typical subjects of the inalienable responsibility of government to promote, protect, and regulate for the benefit of the general welfare.

Such typical elements of hard infrastructure, are complemented by essential elements of universal social welfare, principally education and the health-care and sanitation systems which support and complement the private role of the medical profession.

The principal other aspect of a national economy, is the application of the sovereign creative powers of individuals, such as private entrepreneurs, to a local part of the whole territory and population. The technologically progressive farmer is typical, as is the technologically progressive variety of closely held entrepreneurship in manufacturing, or skilled technical services.

Thus, the essence of real economy (*physical economy*), is defined by the distinction between the two interdependent elements of the economy as a process, as a *system*: the physical economy of the territory and population of the nation as an indivisible whole (the relative *universal*) and the role of the *particular*; sovereign individuality within the process as a whole. The function of transportation can not be competently defined, except by addressing that subject in terms of that relationship between the universal and particular.

For purposes of first approximation, start from the late Professor Wassily Leontief's contribution to developing a system of accounting for the U.S. national economy in linear terms of approximation. Actually, a linear input-output model describes only an economy at the first moment of its death; a viable economy is intrinsically a non-linear system of a Riemannian type, as I have defined this.<sup>7</sup> Nonetheless, the Leontief model illustrates some crucial facts about the economic function of mass transportation. After that fact is presented, we can proceed to address the way in which transportation functions in a healthy, non-linear economy, rather than an implicitly dead, linear-mathematical model of the axiomatically pathological John von Neumann, systems-analysis type.

### The 'Worldwide Cup of Coffee'

The particular production of a product at some particular location in the world's economy as a whole, depends, today, upon inputs to the location of that produc-

tion from many parts of the world. This input includes labor, materials, power, and so on. The analysis of local production, requires estimates and management of items listable on what are termed "process sheets" and "bills of materials." The items so listed, as supplied from other production, include production from various parts of the world as a whole.

In teaching a course in economics, at various college and university locations during the 1966-1973 interval, I included the concept of "a world-wide cup of coffee." I situated the class's attention on the idea of sitting in a diner where they are presented with a cup of coffee. I asked them to back-trace the ultimate origin of everything represented by that cup of coffee. This included not only the coffee beans, but the water, the cup, the spoon, the milk, and the sugar; but also the diner within which it was being served, including the stool and other fixtures of the diner; and also what was required to produce and support the families of those employed there. I asked them to consider not only the quantities from each source, but also the cause-effect time-sequences involved. Thus, the students found themselves staring at that imagined cup of coffee, and seeing much of the history of world-wide mankind reflected in that object before them.

All of the ingredients transmitted, to be expressed by that cup of coffee, involved a system of transportation. Think of certain similarities between that process of transportation and the interdependency expressed among cardio-vascular, lymphatic, digestive, respiratory, and nervous systems. At each interval along each of those pathways of movement, things are happening, entering and departing the conduit represented by the system as a whole. The existence of every process through which these conduits are leading, is essential to some aspect of the adjacent activity at each point along the pathway. The system is no mere "pipeline," no mere conveyor belt; it is an active organism.

Compare the development of the railway system in the United States, from the work of German-American economist Friedrich List through the completion of the first transcontinental link, under the influence of Abraham Lincoln. The transcontinental system transformed land-area from a relatively primitive economic state into regions of rich agricultural and other development along the flanks of the right of way. The railway was creating physical economy within the region through which it moved, and the railway became the

7. LaRouche, op. cit.

mode through which the resources of relatively remote areas could be accessed, and then combined, to produce the explosive growth of agro-industrial power of the U.S.A.

Actually, the railway system was developed at no net cost to the U.S. economy. *Even if that railway system produced nothing else, the production facilitated by such mass transit increased the per-capita productivity to such effect, that this benefit exceeded greatly the actually incurred capital and operating, physical costs of the transportation system.* The ability to effect the assured delivery of passengers and freight, from any locality within the nation, to any other locality within the nation, was a principal source of the growth of national productivity, from the time of the Lincoln Presidency, until the wrecking of the agriculture and other essential parts of national economy, under the 1977-1981 direction of National Security Advisor Zbigniew “Technetronic” Brzezinski’s program of “deregulation.”

It was not the operating costs of that rail system which ruined it. It was the cannibalistic looting of almost everything by Wall Street’s and London’s parasites, combined with the catastrophic effects of deregulation, which virtually destroyed a railway system whose contribution to net national physical income exceeded the actual combined depreciation, maintenance, and operating costs incurred. In a rational system, long-range truck transport’s inherent costs borne by the national economy, are far greater, per ton mile, than a technologically modern form of well-managed, integrated national rail system.

By a rational system, one means one in which freight-rates and schedules provide a local community with a quality of service at a cost per ton to the shipper no higher than available for major markets. Entire regions of the U.S. national economy have been murdered economically by Brzezinski-led, cannibalistic “deregulation” of transportation and other categories of basic economic infrastructure. Brzezinski and his accomplices destroyed precious physical capital; their looting operations down-shifted the U.S. economy as a whole to a qualitatively lower level of national productivity per capita and per square kilometer.<sup>8</sup>

8. U.S. government and Federal Reserve reports published since 1982, have been dominated by an increasingly massive ration of willful accounting frauds, conducted under the rubric of “hedonic values.”

When the economy is examined in axiomatically non-linear terms, rather than the linear input-output models of Leontief et al., the most crucial features of the national rail-transport network become clearer. Refer to my description of “the third view,” the Riemannian view, earlier.<sup>9</sup>

To the degree the individual or society acts according to stubborn tradition, he or that society is behaving as an animal, not a human being. An animal can learn, but the limit of its learning is defined by what we may term loosely, and fairly, as the creature’s genetic heritage. The creature can adapt to its environment through learning, but its powers of adaptation are limited by what are ostensibly the outer limits determined by its (his, her) biological heritage. Similarly, to the degree that the members of society act according to sense-certainty, the same kind of limitation prevails. It is only as the person goes outside habitual, or customary belief and behavior, that a culture is qualified to continue to survive more or less indefinitely.

The only existing physical proof, that the human individual is better than a mere animal, is the ability of the individual member of the human species to generate the discovery of an experimentally valid universal physical principle, such as Johannes Kepler’s uniquely original discovery of the principle of universal gravita-

9. A truly non-linear view bans all ivory-tower mathematics, such as that of Euler, Lagrange, Laplace, Cauchy, et al., from physical science, and replaces the space-time assumptions of a Cartesian model with a system in which only experimentally proven universal physical principles are accepted as mathematical “dimensions.” See Riemann’s 1854 habilitation dissertation, **Über die Hypothesen, welche der Geometrie zu Grunde liegen;** (Dover Publications, New York. Reprint, 1953). For example, in his 1761 *Letters to a German Princess*, Newton doctrinaire Leonhard Euler premises his attack on Leibniz’s infinitesimal calculus, on the assumption that infinitesimals do not exist, arguing that straight lines can always be drawn between two points along a line of the shortest possible distance. Hence, Euler, like Lagrange, Cauchy, et al., degrades physics to a mathematics based upon linear systems, in opposition to the definition of the catenary as a *physical* curvature expressing universal least action. The latter, as shown by Leibniz and Jean Bernoulli, is the basis for the definition of the infinitesimal calculus. This notion of physical geometry, as opposed to the “ivory tower” geometries of Euler, Lagrange, Cauchy, Grassmann, et al., is expressed by Gauss’s 1799 definition of the complex domain, as opposed to the delusion of Euler, Lagrange, et al.’s assertion that the square root of  $-1$  is merely an “imaginary” number. The complex domain expresses the efficient existence of a physical-geometric domain, as distinct from an essentially arithmetic one. The catenary is the typical physical curvature of the complex domain.

tion.<sup>10</sup> The discovery of those types of universal physical principles, or the re-enacting of such a discovery, as by a student, is the act which distinguishes the man and boy from the monkey.<sup>11</sup> Through the discovery and application of such discovered principles, society is able to burst the kind of biological limits which impose an approximately fixed upper limit on the potential relative population-density of the higher apes, thus raising the potential population of the human species from mere millions of individuals, to billions today. Such efficacy of universal physical principles of those characteristics, serves mankind as a standard of knowable truth.

The fostering and application of such discoveries, to the effect of increasing the potential relative population-density of society, is the proper physical definition of *economic profit*. Without such profit, the marginal depletion of currently employed natural resources would result in a lowering of the effective per-capita physical income of society, resulting in an economic loss through technological attrition. The watch-word becomes, thus, “progress or die!”

All known cultures existing prior to Europe’s Fifteenth-Century Renaissance were thus either doomed, like ancient Babylon and Roman culture, or collapsed into a prolonged relative dark age. The cause for this collapse was either intellectual scientific and moral bankruptcy of the culture, as in Babylon and Rome, or, in the case of the relatively superior culture of Classical Greece, the subjugation of a large part of the population to the abused condition of human cattle, even slavery. So, the hegemonic culture of medieval Europe, as typified by that Venetian-Norman abomination, the Thirteenth Century’s Holy League, plunged all of Europe into the genocidal New Dark Age of the Fourteenth Century, the dark age from which the Italy-centered, Fifteenth-Century platonic Renaissance not only rescued the previously shattered Papacy, but also gave birth to that modern European civilization which the Venice-led, Sixteenth-Century anti-Renaissance sought to drown in religious warfare.

The only assurance of continued prosperity, is the fostering of the intellectual development of all of the

people of society, the practice of the common good, the promotion of the general welfare. This requires the collection and transmission of the truthful discoveries of other societies, as well as those of our predecessors. The reliving of those inherited discoveries of principle, combined with the devotion to effecting and sharing new discoveries of universal principle, ensures the optimal moral development of the character of the young. This provides the climate in which an optimal ration of the members of society will participate in the promotion of progress. This fostering of such participation by the individual, is the reality for which the use of the term “freedom” should be allowed.

Such are the rightly included goals to be served by aid of mass transportation. The moral and economic effects are two faces of the same coin. The “bloodstream” of mass transportation also transmits ideas and their application, as expressed in the form of technologies spun from the thread of scientific discovery, and expressed in the forms of products and techniques.

Thus, the development of the U.S.A. through highways, canals, improved river courses, and rails, was more than the transport of things; it was the transmission of ideas, and of the means needed to express those ideas in forms of physical practice conducive to the fostering of accelerated rates of scientific and technological practice. The innovative spirit of the progressive farmer and mechanic, transformed such objects into, not merely objects of consumption, but stimulations of the innovative potential of the users of those products. Henry Ford’s Model T, is a celebrated example of this. The development of the integrated generation and distribution of electrical energy in cities, characterized the upward leap of the industrial revolution during the early decades of the Twentieth Century; rural electrification launched under Franklin Roosevelt produced similar effects in agriculture.

Not only is a national railway grid like a living tissue; it is a living tissue, a living interaction among the cognitive powers of the people who are participating in the activity organized around that economic bloodstream. What is being transmitted is the combined maintenance and increase of the productive powers of labor.

### End of Part 1

*The concluding Part 2 will appear in the next issue of EIR, beginning with Section 2.0 “Hard and Soft Infrastructure.”*

10. **The New Astronomy** (1609).

11. As I have already specified, a principle of social cooperation which enables society to apply such physical principles, is also an experimentally provable principle.



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## II. Ending British Imperial Ambitions

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# Overthrow the British Empire, and Its Geopolitical and Economic Doctrines!

by Harley Schlanger

*This is the edited transcript of Harley Schlanger's presentation to the LaRouche PAC's Town Hall, October 11, 2020. Sub-heads and embedded links have been added.*

Lyndon LaRouche's *Storm Over Asia* [video](#), an excerpt of which opened our meeting, is totally appropriate for the remarks I'm going to make tonight. LaRouche presents a vivid picture of the real enemy of the United States and how the British have connived to rule the world through using every kind of divisive tactic, including wars between tribes, between religious groups, between ethnic and racial groups, and between nations.

This ongoing coup against President Trump involves domestic enemies, who, however, are tied to the real enemy of America, the British Empire. Domestically, we are talking about a permanent bureaucracy that includes every institution connected to the Presidency. It's not the Presidency itself, but the bureaucratic divisions, such as the State Department, the Justice Department, the intelligence community, and so on. The Congress at this point is completely controlled by the war party, by the British geopolitical



*Christopher Wray, FBI Director.*

FBI



*William Barr, Attorney General.*

DoJ



*Mike Pompeo, Secretary of State.*

DoS/Ronny Przysucha

strategic outlook that has had us in wars since 2001.

You have the broader non-governmental aspects of the military-industrial complex, as it's sometimes called. These include the corporate cartels that are the globalists that represent interests in finance, insurance, energy companies, big Pharma, raw materials, and so on. It includes Hollywood and Silicon Valley. Today, I think we can say the media as well, which is largely being integrated into a Hollywood, Silicon Valley triumvirate with the media as the out-front aspect of what is causing the confusion and demoralization in the country. When you investigate this, you come to a very simple point, which is that no one is being told what's actually happening, because we're subject to psychological warfare 24 hours a day, 7 days a week.

This week, President Trump called for that to end, saying we must finally have a full declassification of the documents involved in Russiagate—with no redactions. He went on to identify several people in his administration who are dragging their feet, let's say, to be charitable. I think it's more than that, but they're dragging their feet in the declassification process. One

person he mentioned is FBI Director Christopher Wray, who apparently believes that his mandate to clean up the mess in the FBI means to cover everything up. He mentioned Attorney General William Barr, who he said he's been disappointed with in the fact that he's not moved forward to openly bring to the public the full effects of the Durham investigation into the Russiagate coup.

He also mentioned, very importantly, Secretary of State Mike Pompeo. He went after him for not producing the Hillary Clinton emails that somehow disappeared. Pompeo obviously got the message; today he came out and said he'll move on it right away. Maybe he should also give a report to the country on the interview he had with Bill Binney back in 2017, where Bill Binney—the former Technical Director of the NSA—laid out for him the fact that there was never a Russian hack or meddling in the U.S. election campaign. That was when Pompeo was CIA Director. You would think the CIA Director would find it important to bring out that one of the top cyber experts in the country gave him evidence that there never was a Russian hack.

As long as we're talking about Pompeo, what about the fact that the President says no more wars, no more regime change. And yet, Pompeo has been on a world tour, promoting regime change and wars; whether it's in Hong Kong against China, or against Russia. In doing so, he's working with the very same networks that are involved in the coup against President Trump.

## The British Game

This gets right to this question of the British. In July of this year when Pompeo went to London, he cavorted with members of the Henry Jackson Society, one of whose most prominent members is none other than Sir Richard Dearlove, the former head of MI6, who helped to ensnare the United States initially in the Iraq War with a false dossier about Saddam Hussein and weapons of mass destruction. And who also has continued to



*Sir Richard Dearlove, head of the British Secret Intelligence Service (MI6), from 1999 until May 2004.*

defend one of his subordinates—former MI6 operative Christopher Steele—who wrote the dirty dossier that was used by then FBI Director James Comey and others in their lying presentations to the Foreign Intelligence Surveillance Act (FISA) court to get warrants to spy on the Trump administration. This was in July 2020 when Pompeo was meeting with them. And at that time, he spoke glowingly of

the “special relationship” between the British and the United States.

While we're talking about administration officials who are part of this British network, you have to mention Gina Haspel, the CIA Director who was the London station chief of the CIA from 2014 to 2017, when the shenanigans that led to Russiagate were being launched.



LaRouche PAC Video

*In his 1999 video, Storm Over Asia, Lyndon LaRouche showed the British to be the real enemy of the U.S. and of the world, arranging for nations to fight each other.*

She had to have been in some way at least aware of the set-up against General Michael Flynn that was run by Dearlove and Stefan Halper, who at times is an FBI, CIA, MI6 shared asset.

So, when you start to look at this question of a foreign enemy, you see the connections. I'll get to, in a moment, Chatham House, the Royal Institute of International Affairs, which set up the Council on Foreign Rela-



James Lafayette



LoC



*The British idea of Geopolitics, coming from circles around Lord Alfred Milner (center) and Cecil Rhodes (right), was used to rope the world into World War I. Sir Halford Mackinder (left) was their disciple.*

tions as its American operation right after World War I.

When we talk about the British Empire, if you get the chance, please take some time to study LaRouche's *Storm Over Asia*, because he goes through in great detail how we've been manipulated and suckered into these wars in the Middle East for the last 20 years. But we're not talking about the people of England; we're talking about the grouping in finance and in intelligence—and formerly in defense, because remember, until the 20th century, Britain was considered the foremost military power on the planet, *except* for the United States, as we defeated them in the American Revolution and the War of 1812, and then again to win our own Civil War.

The British Empire used to be based on military power, controlling the chokepoints of the sea, the ports, so they had a control of trade, and the whole monetary system was a British-based monetary system. They were beginning to fall apart at the end of the 19th century. They were threatened by developments around the world with resurgent economic policies in countries like Germany, France, Japan, Russia—countries that adopted the hated American System. That is, the Hamiltonian system that enabled our fledgling republic to stand up against the economic and trade warfare conducted against us in our early years by the British Empire. It was the Hamiltonian credit system, the development of infrastructure, the funding of productive enterprise that enabled the United States not only to

eliminate the vulnerability of the debt, but to become a power. Initially a regional power, and eventually a world power.

### **Roped into World War I and its Sequelae**

But the British roped us into World War I, using geopolitics—the British idea of geopolitics, which came from circles around Cecil Rhodes and Lord Alfred Milner. Halford Mackinder drafted the document that became the basis of their strategy. But it said you could never allow a unified connection power that would bring France, Germany, and Russia together, oriented towards Eurasia. That was the great threat to the British Empire. At that time, it was Sergei Witte of Russia, the Trans-Siberian Railway, and the Berlin-Baghdad Railroad, which would have cut right through the areas the British were trying to control. It was at Versailles at the end of World War I that many of these British plans came into full fruition, but it was going on throughout World War I.

The Sykes-Picot Treaty in 1915-16, which divided up the Middle East, was a key part of it. The Balfour Declaration to establish a so-called Jewish state in the Middle East, which became another aggravation point for the people living in that region. The whole question of what would happen with India, and the African continent—the British were conniving with the Belgians, the French, the Portuguese, and others to suppress national movements.



But the most important element to discuss here, is the focus on Eurasia, and in particular that the British, at the end of World War I, were moving to supplant the Ottoman Empire, the Turkish empire that had been collapsing for the last 50 years. If you look at the parade of National Security Advisors in the United States in recent Presidencies, you see this influence of British geopolitics.

Take Henry Kissinger, for example, who in 1982 told Chatham House, the location of the Royal Institute of International Affairs, that as Secretary of State, he was working from British working papers. He [admitted](#) to being a British agent when it came to strategic policy.

Then you take Zbigniew Brzezinski, who replaced Kissinger in the Carter Administration, who developed the Arc of Crisis strategy, which was to use armed Islamic rebellion to undermine the Soviet Union and China. Brzezinski was a student of the work of Sir Bernard Lewis, the principal Middle East expert in the middle of the 20th century, operating out of British and American universities. Lewis wrote numerous books and studies on the Ottoman Empire, a key focus for the British. How to make sure the Ottoman Empire was brought down in precisely a way that British operatives could move into the lands of Southwest Asia or the Middle East and create a permanent zone of British influence. Madeleine Albright was a protégé of Zbigniew Brzezinski. Susan Rice was a Rhodes scholar, which goes back to Cecil Rhodes' vision of how to subvert America.

Then you look at this, and what have we been fighting in recent years? The so-called Afghan terrorism, which was a Brzezinski and George H.W. Bush creation, but stems from 120 years of the Great Game of British intervention into Afghanistan to protect the Indian subcontinent as a British colony and to stop Russia from moving southward towards the Indian Ocean. Look at the Iraq War—that's Sir Richard Dearlove. Tony Blair and President Nicolas Sarkozy of France got President Barack Obama to go in and destroy Libya and make it a center for subversion of the rest of the Middle East, including Syria. This is the one where Gen. Michael Flynn got in trouble, because he exposed how the Obama administration was using weapons provided to Libyan terrorists to then move those weapons into Syria and into the hands of ISIS and al-Nusra.

What was the other aspect of this strategy in the

recent period? The expansion of NATO after the collapse of the Soviet Union. Keep in mind that Donald Trump, just before he was inaugurated as President, called NATO obsolete, saying it hadn't changed for years and it failed in its most important mission of that period, which was helping in the war on terror. What was NATO doing? It was expanding eastward, trying to get a foothold in the former Soviet republics. In Georgia, in Ukraine after the February 2014 coup. Now we see it again.

### Today's Targets of Geopolitical Regime-Change Coups

If you have a few minutes after we're done today, get a map and look at this area of the former Soviet republics. What are we seeing today? Look at Belarus.



CSIS

*Replacing Henry Kissinger as Secretary of State, Zbigniew Brzezinski developed Sir Bernard Lewis's "Arc of Crisis" strategy, using armed Islamic uprisings to undermine the Soviet Union and China.*

There's a regime-change coup underway there, which connects to this whole NATO expansion policy of targeting Putin and targeting Russia as a supposedly aggressive imperial power. But what do you find? Chatham House. In 2017, there was a conference at Chatham House, after the Ukraine coup. What they said at this conference was that the European Union and NATO must be fully prepared to move into Belarus when they have to choose between East and West. The same thing that was said by Victoria Nuland and her neo-con friends and her George Soros allies about Ukraine: You have to choose between East and West.



There had been a series of conferences before the August 9 so-called disputed presidential election in Belarus. On July 30th, *The Economist* had an article titled, “The Right Way to Get Rid of Lukashenko.” *The Economist* is a long-time mouthpiece for the British banks and the City of London. On September 10th, one conference produced a paper, “The Seven Ways the West Can Help Belarus,” which included not recognizing Alexander Lukashenko, which is now the European Union policy, and that of the UK and Canada.

Put non-governmental organizations on the ground—that’s where Soros and his friends come in. Promise a

Marshall Plan, which really means no aid to actually develop the country, but instead bring in the IMF to manage Belarus’s finances, to impose austerity, and otherwise reduce the standard of living, as they’ve done so effectively in Ukraine. And finally, sanctions. How do sanctions help people in a country that’s caught up in a chaotic situation where they don’t have funds, they don’t have food, they don’t have medicine? This is the City of London; this is the policy that’s being conducted to break up the potential of a Putin-Trump summit.

In the Caucasus, a war has broken out between Armenia and Azerbaijan; perhaps there’s a temporary ceasefire, but one of the things we see about Armenia-Azerbaijan is the Turkish role in Azerbaijan. In the midst of this, when it’s acknowledged that Turkey is helping Azerbaijan with their attacks on Armenia, the British Defense Minister shows up in Ankara to meet with the Turkish Defense Minister to discuss increased British military supplies to Turkey.

In each of these cases where you see regime change, the target is not Belarus or Armenia; the target is Russia and China. The Hong Kong operation against China, and the Belarus, Ukraine, and others against Russia. The Navalny affair against Russian President Vladimir Putin. What’s the reality here?



EIRNS/Stuart Lewis

*British Prime Minister Margaret Thatcher (right) with U.S. President George H.W. Bush in tow, announces the next phase of the British Empire’s “new world economic order”—globalized free trade, enforced by U.S. military might. The White House, August 6, 1990.*

## The British Hand Continues

The system that was set up by the British Empire at the end of World War II was aimed at President Franklin Roosevelt’s conception of how nations can work together for the common aims of mankind. That’s what Roosevelt wanted to be done with the Bretton Woods; that’s what he intended with his meetings with Stalin. Instead, unfortunately due to his death, Truman came in, completely surrounded by a Wall Street crowd, by a grouping in the Office of Strategic Services (OSS) that was tied to the Special Operations Executive (SOE) in England. The Dulles family typified this. Armand Hammer. There’s a

whole list of these people who were directly connected with British intelligence. Instead, they subverted this goal of Roosevelt’s, so that in spite of the overall success of Bretton Woods, full decolonization was postponed and kicked down the road.

When the Soviet Union collapsed, this was the opportunity. Helga Zepp-LaRouche went through this in some useful detail last week. You can go back and look at that. But instead of using that as an opportunity to have a great-power agreement to establish a multi-lateral series of arrangements for economic development in the former Soviet countries, extending that into China, into Asia, into Africa, British geopolitics prevailed. In the George Herbert Walker Bush administration, with the idea of a “new world economic order,” we were given the next phase of the British Empire—the globalized free trade system, backed up by U.S. military might, with NATO as an arm of that. That’s where we were. You go into the 21st century, and we’ve been at war every year of the 21st century.

When you understand that, you understand the strategy of the British Empire: keep the old system going—the looting system, the neo-colonial system, the neo-imperial system. And to enforce it, or to provide the muscle for it from the United States. That’s what the



U.S. Army



USAF/Lorie Jewell

*The strategy of the British Empire is to keep its neo-colonial looting system going, with the U.S. supplying the military muscle. AThat's what the Bush and Obama administrations did for the Empire in Iraq. Here, G.W. Bush (left) speaks to the Multi-National Force in Iraq in 2008; at right, Barack Obama, with General David Petraeus, commander of the Multi-National Force in Iraq.*

George W. Bush administration did, and that's what Obama did. And that's what Donald Trump attacked in his 2016 campaign, when he said no more endless wars, no more globalized free trade agreements that end up looting the American people. No more fake science with anti-growth Green policies. This was a profound and fundamental threat to the British Empire. What did they do? They doubled down on geopolitics. More wars, more regime change. Then, they brought the regime change to the United States with the coup against President Trump.

### The Major-Power Summit

Let's go to what Helga Zepp-LaRouche has been emphasizing all year throughout this very chaotic and unpredictable year, 2020. She said that we have to defeat the coup. This means Donald Trump has to be re-elected. But to do that, you have to realize, you're not just fighting an American enemy. You have to defeat the big enemy, and the big enemy is this blob that is centered in the City of London, which includes extremely prominent Wall Street networks. It includes what we were talking about before—the military-industrial complex. That's who runs the John Brennans and the James Clappers. That's who gives the marching orders to the Obamas and the Bush family, and to Joe Biden.

The reason a summit is so important, and is so much on the minds of this British enemy, is that if President Trump were able to sit down with Vladimir Putin, sit down with Xi Jinping, bring in the Indian government, bring in a few others eventually, to talk about what the

common interests of these countries are, there's no way they would conclude that the common interest is regime change wars, so-called democracy building coming from Wall Street and George Soros. In fact, they would soon discover common interests in a new financial system that bankrupts the City of London.

In that sense, the allies of the American people right now are the hopes and desires of the people of Russia and China, who want to improve their nations, want to end poverty. And want to work together with the Americans. This is what President Trump saw in Putin, and what he saw when he developed a friendship with President Xi Jinping. This has been targetted brutally. If you think that Russiagate has anything to do with Russian interference, then I'm afraid you've been brainwashed by the mainstream media. But likewise, if you think the solution to this is for the United States to go it alone, you've also been subject to the geopolitical doctrines that define human beings as divided into distinct categories with distinct interests and desires.

Instead, we have to raise ourselves up to the level and standards of the Founding Fathers. That we as Americans have a mission in the world to show that the government of, by, and for the people, as Lincoln said, not only can work, but is good for every nation. That's the way we have to fight this. And that's why a summit, or a series of summits, that include minimally Presidents Trump, Putin, and Xi, represents the way that you're going to overthrow, once and for all, the British Empire and its geopolitical doctrine, and its neo-liberal economic policies.

## CASE STUDY: EGYPT

# The African Infrastructure Renaissance Along the Belt & Road—A Case Study

by Hussein Askary

Oct. 6—Overshadowed by the COVID-19 pandemic and its undeniable devastating effects on almost every nations' economic and social well-being, and in contrast to some bizarrely gleeful reports in [Western](#) media about the “collapse” of the Belt and Road Initiative (BRI) due to the pandemic, the locomotive of the BRI continued to speed up. These reports, as usual, were not based on facts but on wishful thinking, and the experts they cite were quickly proven wrong.

According to a [report](#) published by the Chinese Ministry of Commerce, China's non-financial direct investments in countries along the Belt and Road stood at \$10.27 billion in the first seven months, up by 28.9% year on year. During this period, Chinese enterprises have signed new contracts worth \$67.18 billion in countries along the BRI.

The failure to assess and forecast Chinese reactions to the financial crisis is due to the economic philosophy that has become dominant in Europe, the U.S. and Japan in recent decades, according to which austerity is the answer in times of financial and economic difficulties. The Chinese philosophy, as witnessed clearly in the post-2008 financial crisis, is to “invest” your way out of the crisis. The U.S. and Europe had a similar philosophy—inspired by the great American President Franklin Roosevelt's New Deal—that successfully pulled the U.S. economy out of the Great Depression, and contributed to building prosperous nations in



Kremlin.ru



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*Working together, Abdel Fattah el-Sisi, President of Egypt (left), and President Xi Jinping of China are building Egypt into a modern regional economic power.*

Europe and Japan after the destruction wrought on them by World War II. But that philosophy was gradually abandoned in the post-Bretton Woods era starting in 1971.

### China and Africa

Chinese President Xi Jinping made it transparently clear in many speeches this year that China's focus in dealing with both the health effects and economic impact of the COVID-19 pandemic will be on Africa. In the period 2015-2018, Africa had received \$60 billion in Chinese investments and loans for infrastructure projects alone. At the 2018 Summit of the Forum for China Africa Cooperation (FOCAC), China pledged \$60 billion more for the 2019-2021 [Action Plan](#). The pandemic has not seriously affected any of these plans. China's assistance to Africa in fighting the pandemic





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Science History Institute



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*Three members of President el-Sisi's advisory group, the Council of Egypt's Scientists and Experts, created in 2014. From left to right: Farouk El-Baz, Ahmed Zewail, and Hany Azer.*

has been simply an additional input to this process.

For Xi's speeches, see "[Belt and Road Updates: Two major summits in one week!](#)" and "[Health Silk Road Updates](#)," both on the BRIX website.

It is important to remember in this context that China is not dictating to African nations what policies or what projects they should follow. Almost none of the major infrastructure projects being built by China in Africa were originally suggested by China. They are all part of those African nations' or the African Union's plans of development. China is providing the "tools" for implementing these plans. President Xi Jinping identified "three bottlenecks" impeding Africa's development in his speech at the FOCAC summit in Johannesburg, South Africa, in 2015. These are the lack of adequate infrastructure, lack of skilled labor, and shortage of financing. It is these three factors that China's involvement in Africa is [addressing](#).

In the case of Egypt, it is not a major obstacle to find skilled labor. However, the lack of adequate infrastructure and financing have been acute problems.

### **Egypt Case Study**

After decades of economic stagnation, Egypt took a completely new course under current President Abdel Fattah el-Sisi, both politically and economically, to reinforce its political and economic independence. Since 2014, when el-Sisi was elected President in a landslide vote, Egypt has kept all the major global powers at equal distance, remaining friendly to all. It did not get itself entangled in geopolitical games between East and

West, and in a period of incredible destruction of nation-states through regime change and wars by proxy in its neighborhood in Libya, Syria, Iraq, and Yemen, it stayed at a safe distance. For example, although it is closely allied to Saudi Arabia and the United Arab Emirates, two of its most important financial backers, Egypt did not send a single soldier to back those two countries in their destructive war in Yemen.

In military terms, el-Sisi managed to keep an incredible balance between the [United States](#) and [Russia](#), managing to continue to receive equipment and even operational assistance in the war on terrorists in Sinai from both simultaneously.

The Egyptian government has been sharply focused on rebuilding Egypt into a modern regional economic power through industrialization. In the past six years, Egypt has been transformed into a bustling workshop, with gigantic projects for infrastructure, industry, agriculture and housing popping up in different parts of the country. Although many of them are connected to the BRI, these plans are Egypt's own ideas conceived by Egyptian scientists and experts of global renown. Many of them are members of the President's advisory group called the [Council](#) of Egypt's Scientists and Experts.

This team, which President el-Sisi created in 2014, includes such scientists as Nobel Prize winner in Chemistry Dr. [Ahmed Zewail](#) (who died in August 2016), and Egyptian-American Dr. [Farouk El-Baz](#), geologist, space scientist and director of the Remote Sensing Center at Boston University. Another member of the



team is Egyptian-German Engineer Hani Azer, who is in charge of Egypt's mega-projects. He is also known as the chief engineer of the new Berlin Railway Station, and the first Project Manager of the massive Stuttgart 21 railway station. He was awarded the German Federal Cross of Merit by Chancellor Angela Merkel in 2019.

### The Egypt-China High-Speed Railway Project

In early September 2020, some specialized railway websites cited [reports](#) in the Egyptian media that a consortium comprising the state-owned enterprise China Civil Engineering Construction Corporation ([CCECC](#)) and Egyptian companies Samcrete and the Arab Organization for Industrialization had won a \$9 billion contract to build a 543 km high-speed railway in Egypt. The reports referenced the *Egypt Independent* daily, which cited "senior sources." This author has verified the information from sources in the Egyptian Ministry of Transportation.

This high-speed railway project is the second in Africa and the longer of the two, following the completion of the Moroccan 350 km high-speed [railway](#) from Tangier to Casablanca, a Moroccan-French joint venture.

Accommodating train speeds of 250 km/h, the line will link the Mediterranean coast at El-Alamein to the Red Sea at Ain Sokhna, cutting the journey between the two cities to three hours. Interestingly, not only will Egyptian construction companies, engineers and workers be working shoulder to shoulder with their Chinese colleagues, but the project also implies technology transfer and industrial investment in Egypt. According to the Transportation Ministry, the trains will be manufactured in east Port Said, with Chinese technology transferred to Egypt. Furthermore, as in the case with the major Suez Canal tunnels, most of the building materials will likely be produced inside Egypt. This will give Egyptian companies a very important "foot in the

door" in the international railway construction sector, which will become significant for the African and West Asian markets.

The railway will pass through and connect some of the most important new industrial zones and urban centers that are the flagships of the new Egyptian strategy. For example, it will connect the Industrial Zone at Ain Al-Sokhna Port to the New Administrative Capital and cross the Nile River at the old capital of Cairo to Sixth of October City. It will stretch further northwest to the Burj Al-Arab industrial and urban center (on the Mediterranean south of Alexandria) and terminate in El-Alamein, which has emerged as a major modern city on the



*A \$9 billion 543 km high-speed railway that will link El-Alamein on the Mediterranean with Ain Sokhna on the Red Sea.*

Pikist

shores of the Mediterranean and a new tourist attraction with dozens of hotels and resorts—practically a new city. West of El-Alamein a new city is emerging, El-Dabaa, home to Africa's largest nuclear power plant and technology complex, to be built soon in cooperation with Russia (see below).

In the beginning of the bidding process in 2018, nine international consortia and global corporations submitted bids. Only two were short-listed for the final decision. The second one comprised the Chinese AVIC, CREC from China, Siemens of Germany, France Railways, Orascom and Arab Contractors. While the government first announced during 2017-2018 that the project would be a commercial project financed by private financial institutions, it was later decided to make it a state-owned project. However, a foreign loan was

required. Therefore, the winning company or consortium was required to provide 85% of the financing through such a loan. A Chinese bank or a group of banks (not yet identified) will provide the loan.

The government has also made it a condition that the project be completed in record speed, 30 months. This Herculean challenge was tackled by the chosen Chinese-Egyptian consortium by dividing the construction work into three sections to be built simultaneously. One section

is from Ain Al-Sokhna Port to the Administrative Capital, the second from the Administrative Capital to the Sixth of October city south of Cairo, and the third from Cairo to El-Alamein.

This is an unprecedented project in the history of Egypt, connecting the east of the country to the west, rather than following the traditional centers along the Nile (south-north). The longitudinal expansion of the 100 million-strong population and its centers of economic activity, as will be discussed further below, is completely intertwined with the development projects defined by the current government.

### **Egypt's Mega-Projects**

The term “mega-project” has become a household term in Egypt since President el-Sisi assumed power. As mentioned above, the Council of Egypt's Scientists and Experts created by el-Sisi defined a number of mega-projects in transport, power, agriculture, urban development and other economic fields, to be carried out *simultaneously*. This was almost unthinkable in a country which was hit by multiple economic, financial and security crises when the President announced this initiative in 2013 at an international conference in Sharm El-Sheikh. The resilience and stubbornness exhibited by the leadership and the people of Egypt made this impossible mission possible. But, without support from regional and international friends, this challenge would have been too big to deal with alone. President el-Sisi's masterful diplomacy made Egypt a friend of both East and West, and an indispensable regional



BalkanEU

*Built in just one year, the New Suez Canal, shown at completion in August 2015, allows constant two-way traffic along the canal.*

power that all the major powers need to befriend and reckon with.

We review here some of the mega-projects that have been launched or planned.

### **1. The New Suez Canal and Industrial Zones**

On August 6, 2015, the New Suez Canal was officially inaugurated in a ceremony attended by numerous world leaders. This occasion celebrated the successful completion of a full bypass system for constant two-way traffic along the canal, a system that was built in *one year* and financed entirely by domestic resources. Construction began on August 4, 2014. The project was originally estimated to take four years, but President el-Sisi insisted it be completed in one year only, a seemingly impossible goal that was indeed achieved.

The dry excavation and dredging each moved approximately 250 million cubic meters of sand and rocks, one hundred times the volume of the Great Pyramid of Giza. Construction was a 24/7 process, using, at its peak, 75% of the world's dredgers.

Financing of the New Canal was also a major feat by the Egyptians; no foreign financing was permitted. The \$8 billion (EGP 64 billion) cost of the canal was raised in less than two weeks, through sales of Suez Canal Authority investment certificates to Egyptian citizens and financial institutions. The citizens were fully refunded with a 14% interest rate when the certificates reached the maturity date in September 2019.

The Suez Canal was considered a major source of income for Egypt, generated by the passage of nearly



Government of Egypt

*Ain Al-Sokhna Port, on the Egyptian side of the Gulf of Suez, is Egypt's first deep-sea, multi-purpose hub port.*

20,000 ships per year, generating about \$5 billion in annual transit fees. The second (New) Suez Canal doubles the potential daily ship traffic, from approximately 50 to 100 vessels, shortens the southbound transit time by 7 hours, and reduces by approximately 7 hours the time vessels spend waiting to use the Canal.

However, in times of global economic crises the transit income falls due to reduced shipping activity between Asia and Europe. Another factor in reduced transit through the Suez Canal, is a drop in oil prices and Europe-bound ships can afford enough fuel to circle Africa at the Cape of Good Hope in South Africa, as is happening now. Therefore, Egypt can not solely rely on transit revenues from the canal, but must utilize it for creating added value.

Not simply an isolated project, the Canal is part of a broader regional development plan, including a 200 square kilometer industrial zone at Ain Sokhna, a new 500,000-resident city and Technology Valley on the eastern side of the canal from Ismailia, providing thousands of jobs. The [connection](#) between the western bank of the canal and the east (Sinai) has been made possible by the construction of six tunnels underneath the Canal through cooperation between Egyptian construction companies and the German tunneling equipment producer Herrenknecht. This is a “mega-project” on its own, employing thousands of Egyptian workers and engineers. The general manager of the project is Hani Azer. These tunnels reduce the

transit time between the two sides, conducted previously by ferries, from hours to 10 minutes. This will facilitate the development of new cities and industrial centers in Sinai.

Another project associated with the New Suez Canal is the Suez Canal Container Terminal (SCCT) at East Port Said, one of the largest container terminals and transshipment centers between the Indian Ocean and the Mediterranean, which is now being expanded. The SCCT is located at the mouth of the Suez

Canal on the Mediterranean, and at the confluence of the continents of Asia and Africa. When Phase II of the terminal is completed, it will be able to handle 5.1 million TEU/year, as many as the China-operated Piraeus Port in Greece, the largest such terminal in the Mediterranean. Other ports like Ain Al-Sokhna, West Port-Said Port, Al-Adabiya Port, Al-Arish Port and the Al-Tor Port (Sinai-Gulf of Suez) are being vastly expanded to accommodate the increased trade along the Maritime Silk Road and also the massive development projects inside Egypt.

### **A Development Corridor**

Because of its proximity to the Canal and to other transportation, power, and desalination infrastructure, the Suez Canal corridor is the site of planned investment of EGP 50 billion for industrial, technical, and even agricultural development. The [Suez Canal Zone](#) (SCZ) is an elaborate logistics and industrial development scheme incorporating port and industrial zones connected by modern infrastructure.

China was one of the first countries to capitalize on the opportunity provided by the SCZ, due to its direct connection to the Belt and Road and closeness to European markets. Chinese industrial developer Tianjin Economic-Technological Development Area ([TEDA](#)) is currently developing a total area of 7.23 square km in the SCZ in Ain Sokhna. It has attracted many Chinese companies, the largest of them China's giant fiberglass





Presidential Press and Information Office  
Joe Kaeser, CEO of Siemens AG.



Design of the electrical substation to power Alexandria's Bashaer El Khair City.

manufacturer Jushi, which helped Egypt become one of the largest fiberglass producers and exporters in the world over the past years. The total investments of TEDA in Egypt so far have reached \$5 billion.

Russia had also announced its intention to build a [Russian Industrial Zone](#) in Port Said, with 20 major Russian companies relocating their production there in order to expand their sales to Middle East and African countries. The construction of this zone was scheduled originally to start in late 2020, but the COVID-19 pandemic seems to have put some obstacles in the way of its launching.

The very large and relatively well-educated Egyptian young generations are a great asset for industrial development. Unemployment among Egyptian youths has been one of the biggest economic and social problems in Egypt, and one of the key causes of the rising of the youth in the revolution that overthrew the government of President Hosni Mubarak in 2011. The current Egyptian government is acutely aware of this problem. [Youth unemployment](#) in Egypt peaked in 2011, reaching 34.5%, but has been declining slowly since then, although not in any dramatic manner.

### Bridging the Energy Gap and Going Nuclear

Shortage of electricity has been one of the biggest impediments to development in the past three decades. By 2011, 5,000 companies, many in the crucial textile export sector, were shut down for lack of power. The new Egyptian government made bridging the energy gap one of its priorities.

Three major developments stand out here:

**Siemens Power Plants.** Germany has proven to be a reliable partner for Egypt in its development strategy, providing state-of-the-art technologies and even supporting its financing through export credits. In 2015, with the support of the German government and Chancellor Angela Merkel personally, Siemens signed its largest single overseas contract with the Egyptian government.

The project involved the building of three natural-gas combined-cycle plants in three locations in Egypt—at Beni Suef, Burullus and New Capital. According to Siemens, each of these plants “was set to be one of the world’s largest gas-fired combined-cycle power plants.” The project was carried out in record time and completed in 2018 in collaboration with Egyptian contractors El Sewedy Electric and Orascom Construction. Twenty-four thousand engineers and workers were involved in the project, the majority of whom were Egyptians. Six hundred Egyptian engineers were enrolled in special training courses in Germany and Egypt to manage and run the plants after construction is completed. In addition, an occupational training center was established in cooperation with the German Ministry of Economic Cooperation and Development to provide technical education for 5,500 Egyptian technicians and engineers over a period of four years.

Financing of the project was made possible through German government export credits and with support from Italy. The official [white paper](#) provided by Siemens states:



Siemens, together with Orascom Construction and Elsewedy Electric, facilitated a very competitive loan agreement backed up by the German government, represented by the German export credit agency Euler Hermes and Italian export credit agency SACE.

The [project](#), worth €7 billion, was financed partially through Deutsche Bank raising €3.5 billion from international banks.

In March 2017, President el-Sisi, Chancellor Merkel and Siemens CEO Joe Kaeser oversaw the inauguration of the first phase of the project. According to the Siemens [website](#), Kaeser said:

The record-breaking completion of our mega-project in Egypt will not only transform the power landscape in Egypt, but will also serve as a blueprint for building up power infrastructure in the Middle East and all over the world.

In general, the typical, average time it takes to build one single combined-cycle power plant is 30 months. *All three power plants in Egypt took 27 months to complete simultaneously.* It is a “turnkey” project, which means that the Egyptian power utilities will take over the plants upon their completion.

**Natural Gas Discovery.** Good luck comes with hard work! Until 2014, Egypt was gradually becoming dependent on Arab Gulf countries and Israel for import of fuels for its power plants and other energy needs. As Egypt started its relentless pursuit to launch its mega-development programs, a happy surprise hit the country. In September 2015, the Italian company Eni announced the discovery of the offshore Zohr gas field, which is estimated to be the largest in the Mediterranean. The field has been estimated to contain around 30 trillion cubic feet of total gas. “This historic discovery will be able to transform the energy scenario of Egypt,” said Eni’s chief executive, Claudio Descalzi, who met the Egyptian president, Abdel

Fatah el-Sisi personally to announce the findings.

Following this discovery, Egypt increased its scope of agreements with Eni, leading to further discoveries in 2018 of 43 crude oil and 18 gas deposits. Eni increased its investments in the Egyptian energy sector to \$12 billion in 2018. This makes Egypt now self-sufficient in energy sources and allows for the export of a portion of its energy to generate the hard currency necessary to cover the cost of foreign investments. This will also be helpful in backing its credit worthiness to generate more credit for future projects.

**Petroleum Refineries.** In another landmark achievement, on September 27, 2020, President el-Sisi attended the inauguration of the Mostorod Refinery, a



Siemens Energy

*Schematic of the ETHYDCO petrochemical complex in Alexandria.*

\$4.4 billion investment representing the single largest private investment in Egypt and Africa, and providing 20% of Egypt’s needs for diesel, gasoline and jet fuel. The [project](#) was undertaken by the Egyptian Qalaa (Citadel) Holdings company in cooperation with foreign investors and with the technical cooperation of Japan’s Mitsui. The refinery has a production capacity of 145,000 barrels per day. Although envisaged in 2007, this project was impeded by international and local financial, economic, and political crises until recently.

The significance of this and a series of similar projects to be completed by 2023, is that Egypt will become self-sufficient in fuels (gasoline, diesel, and jet fuel). In previous years, Egypt’s reliance on imports (up to 50%) for fulfilling its needs, drained the state budget. Egypt spent nearly \$4.5 billion every

year from 2009 to import refined petroleum products. Using its own petroleum raw products to produce these refined products domestically, Egypt can now save and invest huge sums in its own national development programs.

**Going Nuclear.** This August 20, the Egyptian Nuclear Power Plant Authority (NPPA) confirmed that a permit is expected to be issued for Egypt's first nuclear power plant, and that construction would then start in the second half of 2021.

The location of the plant will be in Al-Dabaa (Mersa Matrouh Governorate), on the Mediterranean Sea, west of Alexandria. The plant will ultimately have four reactor units, completely built by Russia's Rosatom. Each reactor will be a third-generation pressurized water reactor, each with an installed capacity of 1.2 gigawatts. The first reactor is expected online in 2026, and commissioning of the other three by 2028. When complete, the four-reactor complex will add 4.8 GW (about 15%) to Egypt's grid.

Rosatom has been training and "upskilling" technical personnel since 2014, and in 2015 it approved the financing plan, in which the Russian contractor will provide a \$25 billion loan, expected to cover 85% of the construction. The loan reportedly has a 22-year payback period, with a 3% interest rate. The project is expected to generate 50,000 job opportunities in the first years of the construction. Besides, a massive development process will be launched, transforming this remote coastal city into a hub for industrial, technical and tourism activity.

### New Generation of African Nuclear Engineers

A globally unique project was started in Egypt in 2018 through the establishment in Egypt of a first-



CGTN



CGTN

*Two views of Egypt's New Administrative Capital, 40 km southeast of Cairo, under construction, as of September 5, 2020.*

of-its-kind nuclear technology high school, dedicated to producing hundreds of nuclear engineers and technicians in the next five years, to run its first nuclear

power complex in Al-Dabaa. The Advanced School for Nuclear Power Technology, which opened in autumn 2018, is located in Al-Dabaa, in the vicinity of the soon-to-be-built Al-Dabaa Nuclear Power Plant.

The first class at the school began with 75 students. The education is for five years, with the curriculum including all aspects of building, operating and maintaining civilian nuclear power plants. The students will also receive education in chemistry and physics, besides mechanics, electronics, and computer systems. After graduation, the students will be qualified for work in different aspects of the maintenance and operation of the plant, assisting the engineers trained in Russia for the purpose of operating the reactors. Naturally, the youngsters will also qualify for higher education in the same field.



cc/SteffHeffl

*The Mubarak Pumping Station, centerpiece of the Toshka Project to create a second Nile Valley, pumps water from Lake Nasser to irrigate over 500,000 acres of land, November 4, 2010.*

### 3. The New Administrative Capital

The New Administrative Capital will be located 40 km southeast of the current capital Cairo, on the road from Cairo to Ain Al-Sokhna. It is intended to house all the key government institutions and financial centers. According to Mostafa Madbouli, Egypt's Minister of Housing, Utilities and Urban Development, the extent of the city will be 714 square kilometers. It will be founded on a state-of-the-art underground infrastructure system for power, water, and sewage.

Work on laying the foundations and building the infrastructure began in May 2016. The city, which will be home to 6.5 million inhabitants, is to be connected to Cairo and Suez by the high-speed railway as discussed above, in addition to a monorail system connecting it to the new urban centers being built in the north-eastern part of Cairo. It will be closer than Cairo to the growth region in the New Suez Canal Industrial Zone. A military airstrip is being transformed into a modern airport north-east of the capital. This is not only the largest city-building project in the world today outside China, but it is also unique, because it is built from the ground up in a previously uninhabited area.

Work on the New Administrative Capital was officially launched by President Abdel Fattah el-Sisi on October 11, 2017. On that date, an agreement was signed for construction of the central business district, a key component of the city, hosting some of the highest towers in Africa, such as the [Iconic Tower](#). The contract was awarded to the China State Construction Engineering Corporation ([CSCEC](#)).

China's planned investment in the new capital is expected to reach \$11 billion. While Chinese companies have an important role, the majority of the construction works in the rest of the city are being conducted by Egyptian companies, both governmental and private, such as Almokawiloon Al-Arab (Arab Contractors).

This new city will relieve strain on the historical capital, Cairo, whose population has grown to 18 mil-

lion, and is currently projected to reach 40 million by 2050. There are a dozen new cities that are being constructed outside the greater Cairo region to draw urban development away from the city, which has become one of the most congested cities in the world. The aim of the government is to restore Cairo as a historical and cultural capital of the nation.

See a satellite overview of the location and different parts of the New Administrative Capital in this [video](#).

### 4. Reclaiming the Desert

Just a few weeks following the announcement of the New Suez Canal project by Egyptian President Abdel Fattah el-Sisi, Prime Minister Ibrahim Mahlab announced, on Aug. 30, 2014, that the Toshka Project was to be revitalized to become a national development project. Seventeen years after its launch under former President Hosni Mubarak, and several years after its near abandonment by former governments, this key project for the reclamation of Egypt's Western Desert, the largest such project in Africa, may become operational.

The proposal entails transferring water from Lake Nasser (the lake created by the Aswan Dam) to the Western Desert to reclaim and cultivate 1.5 million feddans, and to build new urban and agro-industrial centers (one feddan is equal to 0.420 hectares). The main pumping station, the key component of the project and the largest in the world, was installed in 2005, and a 50 km main canal was built to the Toshka Depression. At the time of its abandonment in 2008, the project had cost \$1 billion. Speaking during a tour of the Toshka region, Prime Minister Mahlab said that a thorough study will be conducted to reassess the project, which proposes large infrastructure and road networks. Such a mega-project should not be neglected, said the prime minister; this would enable Toshka to become a real urban community, and help revitalize the whole region.



## New Valley—Over the Nubian Aquifer

The Toshka Project is the key-stone of the New Valley Project, which includes the integration and development of the series of oases, starting from the East Oweinat Oasis deep in the southwestern desert near the borders with Sudan and Libya, extending northeast into Toshka and continuing north through the oases of the New Valley Province—Al-Dakhla, Al-Kharja, Farafra—northeast to the Bahriya Oases and ending in the Siwa Oasis in the northwest of the country.

The Development Corridor is defined by this chain of oases and the feature they have in common is the world's largest groundwater aquifer, the Nubian Sandstone Aquifer System, beneath them. This massive body of fresh groundwater, which extends below Chad, Libya, Sudan, and Egypt, has enormous quantities of water that can be made available for many decades. Some scientists, like Dr. Farouk El-Baz, argue that such aquifer systems are not simply fossil and finite, but are subject to continuous recharge from precipitation over mountain ranges in the African desert. In addition, these areas are rich in minerals and metal ores such as phosphate, iron, and cobalt, which could become a basis for expanded industrial activities, in addition to agriculture.

The Egyptian "Development Corridor," also called the New Valley Project, was designed by Dr. El-Baz, the Egyptian-American remote-sensing and space scientist, who is the current Scientific Advisor to President el-Sisi. The corridor includes the following:

(a) A 1,200 km super-highway to be built using the highest international standards, from west of Alexandria to the southern border of Egypt

(b) Twelve east-west branches from the super-highway, with a total length of approximately 800 km, to connect it to high-density population centers along the way

(c) A railroad for fast transport parallel to the super-highway

(d) A water pipeline/canal from the Toshka Canal to supply freshwater

(e) An electricity line to supply energy during the



CC/Rémin

*The Sheikh Zayed Canal of the New Valley Project in the Western Desert.*

early phases of development.

This Egyptian corridor can easily be extended southward to Sudan, and all the way to the Equatorial Lakes. The navigational potential of the river can be maximized as part of this corridor.

Egypt's major reliance on importing basic food-stuffs, such as grains, as in the case of fuels, was a major source of the country's trade deficit. Besides, what land was available was used to make Egypt a food-exporting nation (mostly cash crops such as vegetables and fruits) to earn hard currency to pay its debts. This made the Toshka project under the previous government of President Hosni Mubarak, a cash cow controlled by wealthy princes from the Gulf countries.

The new policy of President el-Sisi is a dramatic shift from that of Mubarak, who had totally reversed the policy of the period of President Gamal Abdel Nasser (1956-70), including reversing the land reform that was providing farmers with their own land. Nasser's policies had made Egypt nearly self-sufficient in the 1970s. From 1996 to 2011, exports of cash crops rose from \$350.6 million to \$4.086 billion! But Egypt ceased to produce its own basic food, and became the world's largest importer of grains. Imports increased from roughly \$3 billion to \$12 billion in that same period. A great part of the state's deficit is due to subsidizing imported foreign foodstuffs.

The new mega-project in the desert is aimed at bridging that gap and reorganizing the population den-



sity from around the Nile River and its Delta to the rest of the land area of the country. Until now, 90% of Egypt's population has been settled in only 7% of the total land area of the country. Now, combined with the other new mega-projects of infrastructure and industry, Egypt will finally utilize the totality of its lands and other resources. This will put Egypt on the right path, the path of the new paradigm of economic development and prosperity exemplified by the Belt and Road Initiative and China's economic success in moving from being a poor society into a global industrial power.

### Conclusion

Some critics might say that what the author is painting here is a rosy picture, which hides the fact that there is widespread poverty, social problems, and unemployment in Egypt today. These problems have been augmented by the pandemic.

There is no denial that poverty is still a major problem in Egypt. In reality, [poverty levels](#) rose between 2015 and 2017 according to the World Bank, from 1.6% to 3.8% of the population below the poverty line (\$1.90/day income). But that was largely due to the floating of the currency in 2016, which devalued the Egyptian pound by almost 60%. Combined with that, the government lifted its subsidies for several essential food and fuel items. But these measures were demanded by the International Monetary Fund to release a \$12 billion loan to Egypt. These "reforms" generated enormous hardships for the poorest sections of society.

As the case of China has proven, alleviating poverty cannot be done through asking the people above the poverty line to donate \$1.90 a day to the poorest, but through industrialization and large-scale investments in infrastructure. China still has millions of people under the poverty line. But the government has put measures in place to lift those last millions out of poverty this year, 2020, to let them join the 800 million who have already made it out of poverty in the past 30 years.

Egypt's current investments in infrastructure and industrialization will secure its path out of poverty and into a gradually more prosperous society. GDP growth rates in the past few years have continued to climb above 5%. One interesting aspect of the investments in the [mega-projects](#) is that they helped reduce the impact of the COVID-19 pandemic on the economy by continuing the construction works, while many sectors,

like retail, tourism and aviation, were terribly hit.

Egypt has been endowed with a unique geographical position, a large and relatively well-educated population, and a vast land with a great river and other water resources. It can harness all these advantages to move into the 21st century as a relatively great economic power.

## The 'Washington Swamp,' Enraged by Egypt's Progress, Promotes Muslim Brotherhood

by Hussein Askary

On Sept. 9, the U.S. House of Representatives' Subcommittee for the Middle East, North Africa and International Terrorism (House Foreign Affairs Committee), held a hearing on human rights violations in Egypt, in order to urge the cutting of military aid to that nation. The hearing was in reaction to the extraordinary economic progress achieved by Egypt under current President Abdel-Fattah el-Sisi. The testimony from Washington think-tankers attacked Egypt specifically for the economic, diplomatic, and military achievements it is making.

The "Washington swamp" is clearly enraged by Egypt's development, and also by the fact that Egypt is working with all the great powers—both global and regional, and is avoiding getting entangled in geopolitical games. El-Sisi is focused on the development of Egypt by taking advantage of its geographical, human and natural resources, through mega-projects as the backbone of its improvements, in cooperation with projects in accord with China's Belt and Road Initiative, and in collaboration with Russia, Germany, and Italy. All the while, el-Sisi has kept good relations with the Trump Administration, and repaired some of the damage caused by the Obama Administration.

Exemplary of the swamp is the witness Tamara Cofman Wittes of the Brookings Institution, who worked in the Hillary Clinton State Department as Deputy Undersecretary of State for Middle East Affairs during the period of the Obama Administration's criminal wars in Libya and Syria. During Wittes's service in that position, the Muslim Brotherhood became the dar-

ling of the Obama Administration. Working with the British, Qatar and Turkey, she and her bosses wrought havoc in the region, bringing the Muslim Brotherhood into power in Egypt in 2012. Less than a year later, the Egyptian people rose in a new revolution, overthrowing the Muslim Brotherhood and bringing el-Sisi to power. The latter effectively terminated the impact of the Muslim Brotherhood on the country and consequently of Islamic terrorism.

In her testimony, [Wittes](#) stated: “Sissi, meanwhile, is bent on fighting a regional war for power and influence against his perceived adversaries: Islamist political movements, Qatar, and Turkey—and most of all, anyone inside Egypt who dares to dissent from Sissi’s views.” This is a lie, because Egypt is not involved in any wars outside its borders. Note that she says *Sissi* (sounding like sissy), rather than the accurate *Sisi* (with two long /i/ vowels), a sign of her derangement.

Wittes enumerated other supposed crimes of el-Sisi: “Sissi’s Egypt maintains diplomatic relations and open communications with the Bashar Assad regime in Damascus as well as with Tehran. He has made major military purchases from Russia, maintains trade with North Korea, welcomes Chinese investment in Egypt.” Otherwise, Wittes projected the crimes of her Obama Administration in Libya upon el-Sisi: “Sissi’s sponsorship of Field Marshal Khalifa Haftar has prolonged and exacerbated the Libyan civil war, giving greater space to terror groups like al-Qaida of the Islamic Maghreb, displacing thousands of people and bolstering the numbers of migrants and refugees seeking to flee from Libya into Europe.”

Another witness, Michele Dunne, from the Carnegie Endowment for International Peace, made Egypt’s mega-projects her target. “His regime is helping military companies to crowd out the private sector in the economy, as well as diverting scarce government resources away from critical needs of the Egyptian people and towards arms purchases and vanity megaprojects,” Dunne lamented. She added that, “A quick look at how Sisi has expended resources over the past five years shows that his attention has been fixed on mega-projects and arms purchases that build his stature and enrich his fellow officers.”

With crocodile tears for the poor, she lamented, “While Egyptians sank into ever-greater poverty over the past five years, Sisi has poured resources into vanity mega-projects such as building a new administrative

capital in the desert 30 miles east of Cairo at an estimated cost of \$58 billion. The city is being built by a military company with significant Chinese investment.”

The reality is that poverty in Egypt has been caused by IMF conditionalities imposed on successive governments as “reform,” including the current one, in order to get loans. Calling on the IMF to get tougher, she said: “Yet the IMF so far has been not been willing to take on the issue of the military encroachment on the private sector or Sisi’s spending on mega-projects and weapons.”

In fact, the economic truth is that, under the pandemic, the megaprojects are keeping Egypt’s economy running, as construction work continues, while other activities are terribly damaged—tourism, aviation, retail, and other consumer-based sectors.

Wittes, Dunne and other think-tankers were on the second hearing panel. On the first panel, priority was given to Muslim Brotherhood and other human rights activists. It was chaired by Rep. Ted Deutch (D-Fla.,) who presented Mohamed Soltan, an Egyptian-American “human rights activist,” as one of two key witnesses. Soltan was exposed as a Muslim Brotherhood activist by Rep. Joe Wilson (R-S.C.), Ranking Member of the Middle East Subcommittee. Wilson pointed out that Soltan had posted (but later removed) tweets praising terrorist attacks against civilians in Israel and in the region.

He and his father, Salah Sultan, were both arrested at the bloody disbanding of the Muslim Brotherhood’s major occupation of Rabaa Square in Cairo in August 2013 by the Egyptian army and security forces. The son was released in 2015, but is suing the Prime Minister of Egypt in American courts. His father, who was a prominent figure and Jihadi ideologue of the Muslim Brotherhood, is still in prison in Egypt.

Wilson also criticized the women from the Washington think tanks for describing an Egyptian woman as a “human rights lawyer,” while in reality she was a prominent Muslim Brotherhood activist and ideologue, who advocated “that a woman has a religious duty to obey her husband, and that a man has the right to beat his wife if she refuses to have sex with him.”

Wilson and other congressmen from both parties, however, had big issues with Egypt’s cooperation with Russia, and with China’s Belt and Road Initiative. The full hearing can be viewed [here](#).

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### III. Eating Comes First!

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#### Schiller Institute Labor Day Conference

## War Drive Toward Armageddon, or a New Paradigm Among Sovereign Nations United by the Common Aims of Mankind?

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September 5-6, 2020

#### PANEL 4

### Building Trust in International Relations: The Role of Classical Culture and Combatting World Famine

*We present here edited transcripts of six of the speakers in the fourth of four panels of the Schiller Institute's two-day international conference, Sept 5-6. Reports and transcripts from the first three panels were published in the weeks immediately following the conference. The videos of the entire conference are available [here](#).*

Marcia Merry Baker

**'Hunger Pandemic' Predates COVID-19—**

### **Superpower Action Can Save Lives and Save the Future**

*This is the edited transcription of the opening remarks by Marcia Merry Baker to the Schiller Institute conference on September 6. Mrs. Baker is an Economics Intelligence Director of EIR. Subheads have been added.*

Last year, 2019, was the fifth straight year that hunger had increased in the world. That was before the novel coronavirus had even shown up. One out of every eight people you could call “food insecure,” that is, they didn't have enough reliable food, or if they had food, it was insufficient. The numbers are 812 million people out of 7.4 billion. Understand: This is a net figure, because China for



Schiller Institute

Marcia Merry Baker

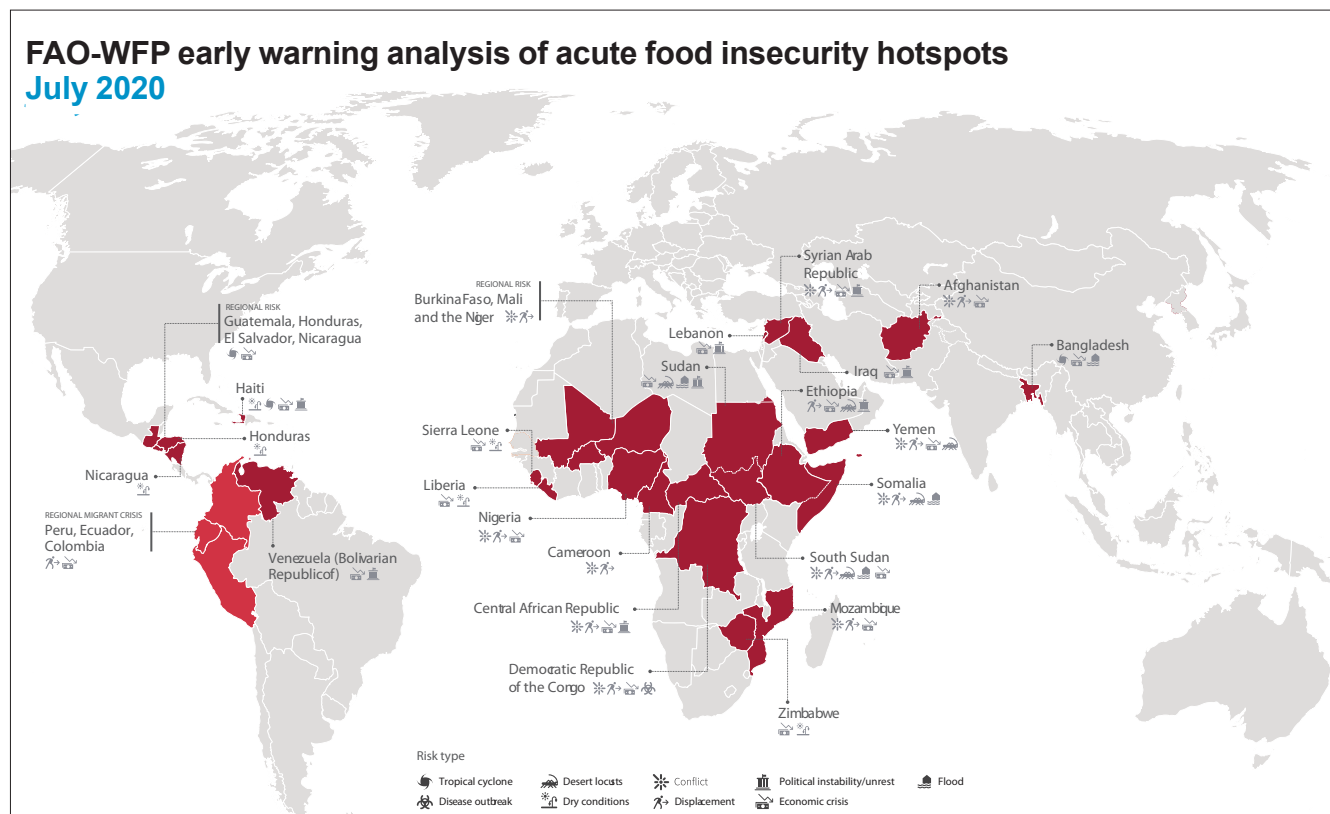
the same time period had been lifting people up out of poverty and hunger.

So, think about the formal definition of famine. It usually means that 20% of your population in the nation or area do not have enough food to sustain them in life. And you usually think, when you say “famine,” of crop failure, or crop disease, or a flood, or a typhoon; but now, besides strife and warfare, we have refugees, and there is poverty so bad with the pandemic, people cannot even afford to eat.

#### **Many Famines, on Many Continents**

So, by this 20% definition of famine, we have *many* nations in famine on different continents: Af-

FIGURE 1



Source: FAO, April 2020

ghanistan, Yemen, Democratic Republic of Congo, Haiti and more.

In July, the World Food Program put out the map, **Figure 1**, of Food Insecurity Hot Spots. It shows where we are six months into the spread of COVID-19. There are some 30 nations you can call “hot spots for hunger.” The World Food Program is the agency that delivers emergency food, but it also delivers the COVID-19 pandemic supplies—the masks, PPE, disaster relief, chemicals. Look at this, continent by continent:

Begin with Africa: On that continent, you see 15 nations shown on the map. The combined number of people in those nations—not their whole populations, but the ones actually needing food—is 154 million.

Go to Asia: There are 6 nations shown from Yemen all the way eastward. The number of people needing food assistance within these nations totals 59 million people.

And then come to the Americas: There are 9 nations shown now. Last year it was 6 before the pandemic. And the number of people in need now is 16 million

people; last year it was something like 4.5 million.

## We Were Forewarned

This is how bad it is. Now, we were forewarned. Let’s go back a generation. Thirty years ago, in the fall, after a terrible North American drought in 1988, Lyndon LaRouche, with his wife Helga Zepp-LaRouche, commissioned a special wing of the Schiller Institute, and it was founded and called the “Food for Peace,” harking back to the previous generation after World War II. It was an effort to shift the economic policy to prevent mass hunger like we see today, and to defend the independent family farming system. People came together in Chicago over Sept. 3-4; and then on Dec. 10, Lyndon LaRouche addressed farmers, diplomats, people from around the world. And here’s what he said:

It is almost as if we can hear a section of the Lord’s Prayer coming up from the developing nations, from the poor of Eastern Europe, from the poor in our own country, “Give us this day our daily bread.” The question is, who is going



to answer that prayer? Who is going to be the hand of providence ...?

That's what Lyndon LaRouche said in Chicago to the farmers, and to the people there from around the world.

Now, he spelled out in the ensuing years—he had already spelled it out—what kind of development programs we need with agriculture and industry.

In passing, let me say, within three weeks of his speech in Chicago, "To Give Us This Day, Our Daily Bread," he was jailed, wrongfully.

### The World Food Program

Now here we are today.

The World Food Program is now working against mass hunger as never before in its existence, since it was founded in 1961. Here is a staging center in Asia. There are different pre-staging centers on every continent.

In April, the head of the World Food Program, David Beasley, went to the UN Security Council on this worsening picture, and briefed them. And here's his language:

We're on the verge of a hunger pandemic. [If we don't prepare and act now ... we could be facing multiple famines of Biblical proportions within a short few months. ... [Even before COVID-19,] I was saying that 2020 would be facing the worst humanitarian disaster since World War II. ... Our analysis shows that 300,000 people could starve to death every single day over a three-month period. This does not include the increase of starvation due to COVID-19.

Then he gave the numbers to the Security Council that I've already showed.

OK, so what happened? That was April. I showed you the map in July. At present, 10,000 children a month are dying for lack of food. Each month, a half-million children sink into the condition that we've called for years "wasting," they're not only not growing, they're diminishing and wasting away.



EIRNS

*"Who is going to be the hand of providence to provide us this day our daily bread?" Lyndon LaRouche addresses a Food for Peace Conference in Chicago, December 20, 1988.*

Now, what are the amounts of resources needed? The World Food Program is asking for merely \$4.9 billion by the end of the year for the food drive itself, and another billion—\$965 million, exactly—to cover the logistics of shipping out all of the anti-pandemic supplies.

Here's where we stand: As of the end of August, towards the \$5 billion, you only had \$750 million; towards \$965 million, you had only \$207 million. Way short.

Now leave the money aside, and think of what we really can do! The two food superpowers are the United States and China. The United States is the number-one producer of corn in the world. The United States alone produces 35% of all the planet's corn harvest. China is the number-two corn producer. China is the number-one producer of rice. Of course, people who live there eat it. But that's not the issue here: If China and the U.S. would just initiate joint consultations, and work with other nations, the "hunger pandemic" would be over by the end of this year. It doesn't mean they would supply all the food themselves. It means that over time—month-by-month—and between the Northern and Southern hemispheres' food seasons and crop seasons, you figure it out, stage the food, commission it, and deliver it. We could feed everyone! And at the same time, we would have the momentum to start changing the whole system, so we never have this hunger pandemic emergency again, ever.

Now, lastly, look at agriculture technology in this perspective. We can look at the two satellite photos of corn in Iowa, the leading corn state in the U.S. and the world, seen in **Figure 2**. The first scene in July shows lush, green fields, except for the cities; the capital there is Des Moines.

The second space photo, **Figure 3**, shows the light areas where the cornfields were ruined by a big horizontal storm: they call it *derecho*, that came through and went across the whole state on Aug. 10. The point is not the bad weather. The point is, *we are in the space age*. If we can take these photographs from space, it shows you, we can end the famine on Earth. What we have is a *policy disaster*, not a “natural disaster.”

And that is the point of having a great powers summit. Ending hunger is urgent for the agenda of the Permanent Five of the UN Security Council countries, invited by President Putin to meet soon, and that would be the United States, Russia, China, France, and Britain.

### Double World Food Production!

Finally, there is one more point about the hunger pandemic. It’s a Big Lie. There’s a Big Lie that, “there is enough food, but it is distributed unfairly.” Now, the unfairness part is true, but the rest is bunk. We really need to *double world food production*.

Use grain as the metric, and follow the math: The total volume of grain or equivalent you need per year, for direct eating as basic staples—whether it’s noodles or dumplings or tortillas or bread, that you can figure out. Then you add more grain, per person, and then for your population for indirect eating, and that would be for eggs, milk, goat meat, whatever you eat—beef—and then add some for food reserves and wastage, and that totals up to 5 billion tons of grain a year that the Earth could and should produce for 7.5 billion people. And just keep adding on, as we go into the future.

But we are producing less than 3 billion tons; we’re actually more like 2.5 billion.

Now, when I say that, that gives farmers listening a heart attack, because the Big Lie is, also, that if you produce plenty of food, the farmers get stuck, they get ruined because they get lower prices—“supply and

FIGURE 2  
**Satellite Photo July 2020**



FIGURE 3  
**Satellite Photo after August 10, 2020**



NASA Earth Observatory/Joshua Stevens

*Before-and-after photos of the same Iowa farmland area, imaged by Landsat and provided by the U.S. Geological Survey. The top one, showing lush, green fields, was taken in July. In the one below, the long diagonal swaths of lighter green areas are corn fields ruined by the August 10 derecho.*

demand.” But that’s another fraud.

We have to change these frauds. Nations have the sovereign economic power to determine floor prices or parity prices to their farmers, and to determine that everyone, all their people, eat! That’s physical economy. We have to dump the London,— kind of neo-British East India Company plantation system associated with famine. Get rid of it!

Spread the joy of producing. Save lives. Save the future!



Robert Baker

## A Producers' Initiative: Change the System! Support Food Producers and the Eaters Everywhere

*This is the edited transcript of opening remarks by Robert Baker to the Schiller Institute conference's farm and food presentations, which were part of Panel 4 of the two-day September 5-6, 2020 conference.*

There are no physical economic limits to providing plenty of good food for every one of the seven and a half billion people on Earth, and the billions to come. We have a policy crisis.

Over a half century ago, right after World War II, there was a strong impulse to use science and good policy everywhere—to go out and rebuild from the war-torn rubble, and also to uplift everyone from the pre-war colonial oppression—especially the British colonies in Asia and Africa. The whole world was to grow in manufacturing, agriculture, infrastructure, and especially nuclear power. This meant not only energy, but nuclear science.

New institutions were crafted. The financial system was designed in 1944 in Bretton Woods, New Hampshire, and world figures came together. There were to be stable currency exchange, and credit for production. There were to be no globalist trade organizations, monopolies, over and above national sovereignty. Just a loose association of general agreements on tariffs and trade. All this is in the tradition of what, in the 1800s, was called the “American System” of economics.

The new international network for scientific research in crops and livestock was begun in Mexico, called the International Corn and Wheat Improvement Center. Henry Wallace, Franklin Roosevelt's Vice President, set that up. Mexico became a grain surplus exporter, and because of that research, India became food self-sufficient in 1974. China became food self-sufficient in 1984. Centers like this were set up all around the world. We had rice research centers set up in the Philippines, potatoes in Peru, livestock in Kenya, and over 20 different areas of the world. This was a real “Green Revolution.”



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Robert Baker

But within a generation, this momentum for mankind was stopped. Currencies swung up and down. Food and farming were financialized. The Bretton Woods system was put out of business. You got credit only if you obeyed the terms of Wall Street and the City of London—the centers of monopolistic colonialism. Farmers and manufacturers tried to hold out, and ride the wave of generations before them, but they were undercut.

The public was told: You'll get cheap food if Walmart takes over

your county. Farmers were told: You have to compete, so get big, or get out. Government was told: Your food has to be outsourced, not just grown in your own country. Bring it in cheap. You are not allowed to support your farmers anymore.

Commodity control cartels grew like the world has never seen. All types of foods were forced under terrible control by a web of cartels. After the 1970s, cartels even changed the laws so that they got patent rights for developing new life forms, new genetic material!

Now, look at the U.S. Eighty percent of all cattle are slaughtered—and combined with meat from around the world in other countries—by four transnational mega-corporations. One of the four is JBS, a Brazilian-owned company. It is the world's biggest meat company, operating from Germany to Australia, on five continents; it has 230,000 employees, gigantic packing houses, huge—and slave labor in Germany from Romania and Bulgaria. In the U.S., meat comes from Africa and Central America. And in Brazil, it comes from the poorest people with no other livelihood. The producers are systematically underpaid for their cattle, sheep, chickens.

This has become the norm. This is what we're up against. I can show you the same thing with all the other cartel companies. When the COVID-19 virus hit, no wonder these plants shut down, and food chaos hit. Farmers and ranchers were then stuck with millions of cattle and pigs with nowhere to process them. They

can't withstand bad weather, a virus, or anything. This cartel system is for making money, and not food.

### Change the System!

But there is momentum to change it. In the United States, for example, there are pushbacks, which President Donald Trump has responded to. In May, Trump ordered the Department of Justice to investigate the cartel price rigging. In July, the Senate has a two-party bill, to mandate that half of the purchases of cattle by the cartels must be from open cash markets, not rigged, contracted prices behind the scenes. There's a petition to restore country-of-origin labelling, whereby imported meat must be labelled so people know where it's

from. Congress had gotten rid of this in 2015, but the petition now has over 500,000 signatures to reinstate it.

But we must change the system. President Trump is not going to go the whole way against this cartel system, with Wall Street still in his Cabinet. I myself recommend we commit to a "Producers' initiative": Wherever we live, everywhere in the world, and whatever we produce, to insist that we *change the system*.

We have examples all across the U.S., of producers trying to get food to the charities, feeding people who need it. Make this international. Cross all borders. Country and city people. Nation to nation. Jump the fence! Cross all boundaries. And we can restore morality to food.

Nicole Pfrang

## We Cattle Ranchers Have a Heart

*This is the edited transcription of Nicole Pfrang's presentation to the Schiller Institute conference on September 6, 2020. A cattle rancher, Ms. Pfrang is Secretary-Treasurer of the Kansas Cattlemen's Association and a recent Kansas State University graduate. Nicole is a leader in cattle country, while still in her mid-20s.*

I'm a fifth-generation cattleman. I live in Kansas. Being a cattleman, we go through a lot with people doing labelling. A lot of people—especially with the World Wildlife Fund, animal rights people, and pretty much our own government—they're saying, we're the bad people. They say we don't know what we're doing; they say they need to take over.

Well, two years ago we had the worst winter I could ever think of. It was snow every other day, ice every other day, and we still had to get up and check our cows, because it was calving season—we have a fall and spring herd. I would wake up at 5:30 to check on the heifers, Mom would check on the cows. It was getting so bad that we would ask, "How many are dead?" We don't do it because we're heartless; we have a heart. Yes, it's our income, but we take pride in taking care of these four-legged critters!

The year before, we lost 452 farmers and ranchers due to suicide. You won't hear that. We are a proud, proud people. You have to feel it in your soul that you're going to be a farmer, that you want to take care of somebody, you want to help feed the world. We lost 452.



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Nicole Pfrang

This year that number jumped up to 515. That's not all of it. A lot of numbers weren't counted, because everyone puts it down as "farm accident." When you hear "farm accident," that's actually a farm suicide.

### The Packers Don't Care

Then the packers, they don't care: They dropped the prices. This last spring, we were selling our last load of fall calves, and it was \$1.18—oh, that's a good price. Then, one of the Tyson plants in Kansas, it was a storage unit, full of boxes, not even on the site, caught on fire, and they had to shut everything down. Do you think the packers would have said, "OK, we're going to compete now"? No. They all went into a back room and said, we're going



to drop the prices. Instead of getting \$1.18, we got \$0.99.

Then COVID hit. That has nothing to do with the beef industry. And you know what happened there? I saw the prices went down to \$0.84, and the last time it was \$0.84 was back when my grandpa was young. These packers don't care about us.

They started what is called the Beef Checkoff program, to supposedly help promote beef, so consumers would be able to eat it. Well, they're using that money to go and buy seating at the World Wildlife Fund to be part of the extinction of us ranchers.

### Consumers Get the Blunt End of the Stick

The consumers don't even know where their food comes from. The packers are saying, "We're going to import." We import from 20 different countries, and all 20 different countries have different regulations. They can use products that are illegal in the United States. We're constantly getting a bad rep, because we're getting ground meat from Brazil coming over and it's contaminating our meat. Consumers are told to blame us. Consumers want American products. The only way to sell the cheap foreign product is to stamp it "Product of USA." That shoots the price down, and that even shoots

the price down for the foreign countries.

Us Americans, we raise the safest meat in the whole world, and they don't care about us. We know how to take care of it. They say [the issue is] "sustainability." We've been sustainable for hundreds of years, thousands of years, and we keep getting more sustainable. We know how to take care of our livestock. But we're the ones that are dying. My livelihood is dying, because we're going bankrupt because we can't afford all the damage that Mother Nature throws at us, and all the damage that the media put on us.

And the poor consumers are getting the blunt end of it, because they're thinking they're buying healthy, when they're actually not. Just please, I want to do what's right for the consumer. The consumer has the right to know where their meat comes from. The consumer has the right to know that it's healthy. The consumer doesn't need to live in fear and be forced to eat dog food. That's what they're going for now. They're saying, "Oh, the Whopper burger is pretty much,—" Just look at the ingredients that are in that. It's the ingredients of dog food: All they have to do is put water in with the dog food, mash it up, and find seasonings to make it smell like meat. Do you want to eat dog food? Just keep turning a blind eye.

Mike Callicrate

## Building New Pathways to Prosperity: Farming and Food

*This is the edited transcription of Mike Callicrate's presentation to the Schiller Institute conference on September 6, 2020. Mr. Callicrate is a cattleman and meat processing innovator.*

I live in St. Francis, Kansas, and Colorado Springs, Colorado. Our livestock operation is in Kansas, and we ship our beef into Colorado Springs to sell it into the urban centers along the front range of Colorado. Bob Baker asked me to present a short piece today about some of the things we're doing here in our region, to make life better for ranchers and farmers, and giving consumers better access to real food from the local and regional areas that they live in. And so we talk about building new pathways to pros-



Mike Callicrate

perity through farming and food.

COVID-19 has exposed a failed system—abused, unhealthy, inhumane and incapable of feeding people. It's been a real opportunity, I think to pull the curtain back and show people everywhere just how fragile the industrial food system is, and how, in fact, it doesn't serve anyone except for a handful of the people who control it at the very top of the economy.

And so, how do we build a food system that is more secure, that reduces and decentralizes abusive market power? How do we ensure farmers, ranchers, and workers earn

living incomes, and rebuild our rural communities? How do we produce healthier and safer food? And how do we become more resilient, to be able to stand the

kind of risks that things like COVID-19 presents to us in this rapidly changing world?

The impoverishment and malnourishment of a civilization is directly correlated with the consolidation and industrialization of its food supply. What we have now, today, is the most industrialized and most concentrated food system ever in the history of mankind. It is like a mining operation: It is extracting wealth at unprecedented rates, but leaving a very polluted world behind and a lot of poverty. So the wealth is being concentrated at the top, and poverty and hunger at the bottom.

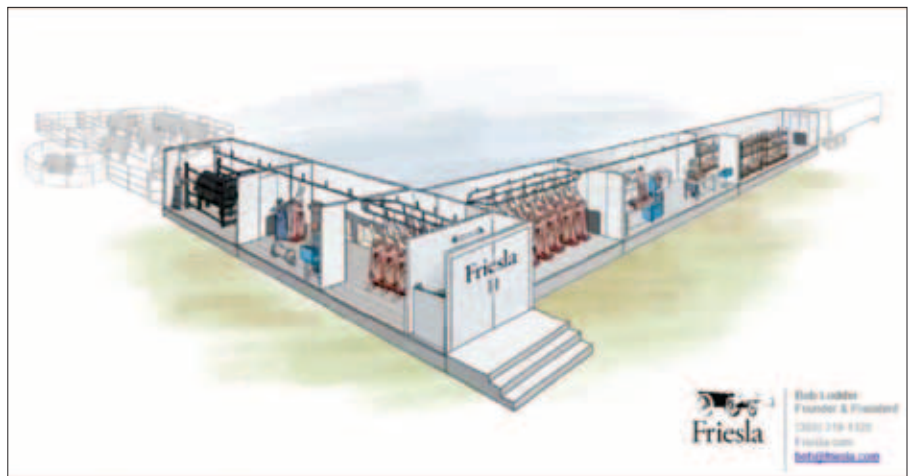
In Washington, D.C., on the United States Department of Agriculture offices and main building, there's an inscription, and it's a quote from *St. Paul*. It says, "The husbandman that laboreth must be the first partaker of the fruits." In other words the people who do the work, who take the risk, and invest the capital really deserve a fair share of the wealth that they create. That is not happening today! Just the opposite, in fact, is happening. The husbandman, the farmer, the rancher, the people on the land, the worker, are essentially getting the crumbs, the leftovers, and in fact, are doing it for less than the cost of production, in almost every case.

## A Regenerative Model of Farming

So, how do we improve the lives of people and restore health back to the land? Let's look at a regenerative model of farming that builds soil, that takes into consideration the health of the community, as well as the health of the people that are involved in the production of our food, but also the health of the consumer that eats the food.

So this is what we do in St. Francis, Kansas, with Callicrate Cattle Co. It's basically all about the soil. We take from the soil and we put back to the soil.

That's our pathway from St. Francis, Kansas to Colorado Springs, and the Denver front range area. What is it in other countries and other places? I love the idea, the concept of publicly owned food/utilities, where the public actually owns much of the infrastructure, from the farm and ranch gate to the consumer's plate, enabling people on the land to get access to consumers, and going around the concentrated industries that we currently are dealing with, the big meatpackers, the big retailers, the big food service companies that are ex-



*Meat processing from slaughter to sale, in a single modular facility.*

Friesla

tracting the wealth and leaving us with nothing. How do we build a safe and proper pathway to the consumer?

So what we've done is, we've decided to not sell our cattle to big meatpackers anymore. For the last nine years we've had a mobile slaughter unit. It has been in St. Francis, Kansas at our cattle operation. It's got a complete corral system as you can see; it's got a kill box, where the animal is killed humanely under U.S. Department of Agriculture (USDA) inspection. And the trailer produces a carcass. And this carcass then is hauled up to Colorado Springs to our food hub—this could be a food hub in Lusaka, Zambia; it could be a food hub in Philadelphia, it could be a food hub just anywhere in the world, but it's where food can be brought in, in its raw form and transformed into food that can be purchased by consumers.

And of course, this needs to also include the marketplace, to where the consumer can not only see how their food is being handled and produced, and processed, but have access to be able to purchase it. This is what we have in Colorado Springs, to meet that objective. Ranch Foods Direct has been around about 20 years; and the Peak Plains food distribution hub is a three-year-old project here in Colorado Springs.

See the unit, **Figure 1**, which is in Namibia, Africa. It's going very well over there. It is built to the specs so it can be inspected depending on the rules of the place where the unit is. But this is a far better alternative for a community, than the big meatpacking conglomerates that are capturing all of the profit and leaving us with nothing. With this model, you basically kill the animals where they are, which is far more humane, and it produces a cleaner product going to the consumer; the carcasses are aged properly, and then cut up some-

FIGURE 1



Processing a carcass in a mobile slaughter unit in Namibia, southern Africa.

where in the urban center, or near where the consumers are.

Friesla is the name of the company that provides these facilities, and I just think it's a brilliant way to rebuild infrastructure, and do it either in a mobile, or in this case, in this slide, a modular type of an approach. And so, if you don't plan on moving the unit, which I would recommend you *not* do, because by using it in a sort of docking station

type of format, we can really control everything—we can control the water, the electricity, we can control the slaughter waste and we can also control the animals in a good corral system, where they can be humanely euthanized. And so this is our idea, what we're working on in Colorado, in Kansas. All across the country, we're starting to see much more interest in this.

But we've got to have the support of the consumer. Without the support of the consumer—being willing to buy their food from these sources,

it can't survive. And this food doesn't need to be more expensive: We've cut out a lot of the unfair profits that the big meatpackers and retailers and food service companies have been taking, and just basically sent it back to where it belongs. It belongs at the farm and ranch gate; workers deserve to be paid a fair price for their labor. We take good care of the environment; this is a beautiful, sustainable, and regenerative way to go.

## Ron Wieczorek To Save Agriculture, It's Time To Support the Ideas of Lyndon LaRouche

*This is the edited transcription of the opening remarks by Ron Wieczorek to the Schiller Institute Conference September 6, 2020. Mr. Wieczorek is a cattleman in South Dakota. In 2018 he was on the state ballot for U.S. Congress as an Independent.*

I want to make a few points here on the number of people involved in agriculture. In the early days of our country, about 90% of the people were involved in agriculture. By 1850, we had 1.4 mil-



Ron Wieczorek

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lion people in agriculture. By 1914 we had 6.4 million people in agriculture. During the 1930s we started losing farms, so that by 1950, we were down to 5.6 million. Today we're back to just a little over 2 million farmers! This has all happened as the total population of the country has increased dramatically. So, percentage-wise, we've got way less farmers representing the agriculture sector than we've ever had in the history of the country.

We need to address the con-



sumers so that they become involved in agriculture, because of what's happening with the collapsing economy and the infrastructure falling apart. For example, right now, in California, 1.4 million acres of forest and productive land has basically burned up; 7,000 fires going on. That's more than last year or the year before!

The *derecho* that swept across South Dakota, Nebraska, Iowa, Wisconsin, Illinois, Indiana, Michigan, and Ohio on August 10 left widespread destruction, hitting Iowa the worst, damaging an estimated 14 million acres of corn and soybeans. The storage facilities were destroyed, the infrastructure is down.

The agriculture sector is being destroyed! Right now, this afternoon, we had hailstorms going through, with inch-and-a-half diameter hail destroying crops in northwest South Dakota. The storm is forecast to move across North Dakota, into Minnesota, across Wisconsin, and across the Lake states and into the

Northeast. So the agriculture sector is being destroyed.

A lot of the damage could have been prevented if people had listened to Lyndon LaRouche, if we had applied his Four Laws, if we had had Glass-Steagall and the Bretton Woods system back on the books to curb the speculation that's going on and destroying what little productive sector is left.

I feel sorry for these young people. And I really feel sorry for those who eat, if they don't come to their senses soon, and demand support for the productive sector and an economic system that will support infrastructure building like NAWAPA, for example, the North American Water and Power Alliance. If we'd had NAWAPA for California, would we have all these houses burned down? All these potential forests for future homes that we should have? That's not available to these kids anymore.

It's time to listen to the wise words of Lyndon LaRouche.

Paul Gallagher

## The British System vs. the American System: Why the Collapse is Inevitable

*This is the edited transcription of the opening remarks by Paul Gallagher to the Schiller Institute conference on September 6, 2020. Mr. Gallagher is an EIR Economics Intelligence Director. Subheads and an embedded link have been added.*

Between 1971 and 1973, banks of the City of London and its offshore centers destroyed President Franklin Roosevelt's post-war Bretton Woods monetary and credit system. London's offshore banks broke all the Bretton Woods rules in the dollar "carry trade" known as the eurodollar and petrodollar markets. These markets resumed the standard British banking model—lending directly at very high interest rates to sovereign governments, in this case to developing nations.

By 1980, these British banks had Wall Street in tow,



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Paul Gallagher

and through these markets, had hosted two gigantic oil hoaxes, generated rampant inflation throughout industrial countries, created a growing "Third World debt bomb"—and the world economy was awash in speculation in currency values, interest rates, etc. In another five years after that, the vast majority of new dollar currency was actually being created in London for speculative purposes.

### The Floating-Exchange-Rate System

It is this "offshore London" floating-exchange-rate system which, after 35 years of de-industrialization and financialization of all economic activity, reached its collapse in the huge implosion of financial derivatives markets which set off the global financial crisis of 2008 and the so-called Great Recession.



Since then, more than a decade of absolutely heroic Keynesian money-printing by the major central banks of the United States, Europe and Japan has failed to generate industrial recovery, any productivity, or even inflation, and has put seven dollars of debt and derivatives on top of every dollar of largely non-productive GDP. This floating-exchange-rate system is set for one more financial blowout, now, triggered by the unpayable corporate debt bubble and its derivatives, and which will have no “recovery.”

At the Bretton Woods conference after World War II, a British plan had been presented by, among others, the celebrated economist John Maynard Keynes, which reflected the idea that the source of wealth in the post-war world, as before, would be trade, and trade “preferences.” The International Monetary Fund was to have the function of “balancing” world trade: Countries with trade surpluses would be steered into spending them on imports from deficit countries, thus eliminating the surpluses. If they did not do so within a certain short deadline, the IMF’s proposed “clearing agreements,” as they were called, would confiscate the surplus. Effectively, surplus nations were not to accumulate those surpluses, nor use them as capital for domestic development. A world currency, or what was called an “inconvertible unit of account” would be created to manage these so-called “clearing agreements.”

Keynes’ theories aside, the British delegation demanded that Britain’s “imperial trade preferences” be maintained within a “sterling bloc” inside Bretton Woods. And they were.

### **The American System of Physical Economy**

Nonetheless, shaped by FDR, the Bretton Woods system clearly reflected the American System of economy. It aimed to stop international speculation—that is, capital moving across borders for speculative purposes. Currency exchange rates were stabilized, nearly fixed, not on a gold standard but linked to the dollar and based on gold reserves. Exchange controls were encouraged, capital controls were permitted to any nation. Interest rates on deposits were limited by national laws to stop boom-and-bust “carry trades.” Commercial lending banks were separated by law from speculative investment banks in the major industrial nations. FDR’s purpose for the World Bank—which, unfortunately, was not realized—was to issue credit for the most important development projects in the underdeveloped nations.

This American system of economics was developed by Alexander Hamilton. As first Treasury Secretary, Hamilton confronted two basic ideas of what generates wealth and value in an economy.

The French Physiocrats said the source of economic wealth or profit was land; it alone could return or generate more value than was put into it by human labor and capital, which merely reproduced their own value from one cycle to the next. In one way or another, this was widely believed among American independence leaders.

The English economic schools taught that the source of value is trade—being able to buy cheap and sell dear—and therefore a country must produce what it can export at the greatest return and import cheaply wherever possible. This is taught now as the idea of “comparative advantage.”

Adam Smith wrote, over and over again, in various ways in his *Wealth of Nations*:

Were the Americans ... to stop the importation of European manufactures, and, by thus giving a monopoly to such of their own countrymen as could manufacture the like goods, divert any considerable part of their capital into this employment, they would retard instead of accelerating the further increase in the value of their annual produce, and would obstruct instead of promoting the progress of their country toward real wealth and greatness. ...

So, don’t try to develop a full-set economy, they said; you will lose.

The British-India colonial relation epitomized this British “free trade” doctrine of economic wealth. Colonial India for more than a century after 1820 ran a large trade *surplus* with the world—40% of it from forced opium sales to China. India was compelled to use all of that surplus, and more, to buy manufactured goods and gold and silver from Britain, with which it had a large trade *deficit* throughout the same time.

This was the system of “imperial preferences” which was the subject of heated arguments between Franklin Roosevelt and Winston Churchill over post-World War II economic policy. India’s capital was not invested in India, but flowed steadily, as it was accumulated, to Britain through so-called “trade,” and remittances by British colonial officers. Indian agriculture, though it was pro-

ducing most of those exports which produced that trade surplus with the rest of the world, lost the capacity to produce food reliably at all, and tens of millions of Indians died in unprecedented famines during that period.

### The True Source of Economic Value

When Treasury Secretary Hamilton wrote the reports presenting the American School economics, he had determined that the source of economic value is the human, creative invention, applied to increasing the skills of labor and creating artificial labor in the form of machinery. His 1790 [\*Report on Manufactures\*](#) to the U.S. Congress began with a direct statement and refutation, first of the Physiocratic doctrine, and then of Smith's *Wealth of Nations*. He had to fight his contemporaries to spread the idea that manufacturing not only created as much new value as land, but more; and increasingly more with more diversity of manufacturing and more division of labor; and still more with more human creative invention.

In that report is found Hamilton's most famous statement on human creative invention and economics:

To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients, by which the wealth of a nation may be promoted.

He also wrote there:

Experience teaches, that men are often so much governed by what they are accustomed to see and practice, that ... improvements are adopted with hesitation, reluctance. ... To produce the desirable changes as early as may be expedient, may therefore require the incitement and patronage of government. ... It is of importance that the confidence of cautious sagacious capitalists ... should be excited. And to inspire this description of persons with confidence it is essential, that they should be made to see in any project which is new and ... precarious, the prospect of such a degree of ... support from government, as may be capable of overcoming the obstacles inseparable from first experiments.

One of Hamilton's significant principles is his description of the proper nature of banks. Banks were to

gather the savings of the nation as deposits, and put them at the disposal of those able to use those funds most productively, at a given time, by lending, primarily to productive businesses, secondarily to individuals and households. They would not speculate in securities, brokerage or real estate (as various kinds of investment partnerships do). This is what we know as the commercial bank; in the British floating-exchange-rate system, it was gradually displaced by the gigantic universal banks of Wall Street and London today, and Glass-Steagall, the principle, was abandoned.

The national bank Hamilton created, the Bank of the United States, was simply a larger commercial bank that explicitly pursued national, "public purposes," including ensuring sufficient circulation of properly funded national debt in the form of gold-reserve currency; and which issued credit for national projects of new economic infrastructure.

The Bank of England was in no way Hamilton's national banking model. It was formed as an investment partnership of wealthy brokers in 1694 to lend more than one million pounds to the British government at the very high rate of 8%. And on April 8 of this year, some 325 years later, the Bank of England was still announcing its intention to lend money directly to the English government as needed.

Hamilton's principles required that the government sell adequately funded debt to its people and private institutions, not to its own national bank. Hamilton said the national bank he proposed and created in 1790 would hold government debt, acquired from the public, as its capital; would take deposit accounts from the public as well; and would lend to companies and institutions which were creating new manufacturing capacities and new economic infrastructure. This new national credit institution would act to combine public capital with private capital for investment "in public purposes," and not with the aim of high return on private capital.

Lyndon LaRouche went beyond Hamilton in defining what *kind* of human invention, when realized by credit, takes society forward. It must be, as it has been in America's economic history, until recent decades, invention which increases the energy-flux density of technologies in use, therefore the productive power of the average person and the potential population-density of society.

# Excerpts from the Conference Discussion Session

*The following are excerpts from the edited transcription of the discussion session during Panel 4 of the Schiller Institute conference on September 6.*

**Question:** *Europeans hear that the U.S. has low meat safety standards. What are U.S. standards?*

**Nicole Pfrang:** There's been a couple times that we had meat come in from Brazil [mixed in with U.S. meat by JBS and other monopoly packers]. That was when the inspectors came in and the meat was declared contaminated. It was said that we farmers contaminated it, because no one knows that we're importing from 20 different countries.

**Michael Callicrate:** To the extent that the United States has the most industrialized food system in the world, we're not lending much credibility to it being safe. It's a very highly regulated industry. When there's a problem, it's a really big problem, because it's distributed nationally and globally. The fact is, the U.S. Department of Agriculture [which does the inspections] doesn't work for the people. ... It works for the big meatpacking and big food companies across the world. ... We know one thing, we've got the most fragile food system in the world! After COVID-19, you saw what happened in grocery stores across the country—the shelves looked bare. That is not a commendable food system, and to that extent, it's not a safe food system.

**Ronald Wieczorek:** In the past 10 days, one of the larger chicken processors in California was closed down because four or six people died because of the coronavirus, and over 500 people were infected. That's a terrible example, and it's brought about by how we've got all kinds of rules and regulations on these processors, but are they being implemented? Are the inspectors being bought off, or what's going on?

**Question:** *What do you think of the current U.S. and Western method of price-setting for food?*

**Callicrate:** There is no market. It is a price that is set by the middleman, by the big retailers in partnership with big meatpackers and food companies. ... The beef industry is controlled by four multinational corporations. They control 85 percent of it. It's been concen-

trated. The farmer gets about 15 cents of the consumer dollar. Our share of the consumer beef dollar has never been lower. This is at the same time as the big meatpackers, in justifying their consolidation, their mergers, their buyouts, have talked about improvements in efficiencies as being one of the reasons, or economies of scale being one of the reasons. This is simply not true.

**Robert Baker:** Most people buy into the line that, "Well, this is more efficient, The consumer demands this." These are the narratives created by monopolies. What if we had a million new farmers in the United States? A million new farmers in Europe? A million new farmers in Africa, in South America? All using the highest states of technology, in the most productive way. Then, you've just upgraded the skill level of food producers all throughout the world. It's a whole new dynamic involved. But the monopolies—all this is, is the oligarchy's way of creating an instrument through which they can funnel trillions of dollars, and just rake off the money while they rip off the producers and the citizens.

**Question:** *What's behind the "market" myth?*

**Helga Zepp-LaRouche:** I think there is a method behind that, which is not just profit. The developing countries are confronted with cheap imports, which are much cheaper than what they can produce locally, which tends to completely ruin their agriculture.

So there is a method behind it, which is also expressed, for example, by the EU guidelines. Everybody knows that German farmers and the European farmers are all going bankrupt because the prices they have been getting over years and years, have been getting lower and lower. ...

And now the EU has made new guidelines which I think force the farmers to put 25 percent of the land aside for weeds to grow. Because weeds do better in poor soil, the farmers are having to destroy the good soil in order for the weeds to grow—so, the biodiversity and the insects and so forth all have a good life.

It is obvious that this is a complete destruction of food production. And it's in line with the exit from energy—it's the Green New Deal, which the EU is now enforcing very rapidly. ... Behind all of that is really the oligarchical idea to reduce the population. I think we should not overlook that. I am completely convinced

that people like Prince Phillip, the World Wildlife Fund, and similar organizations couldn't care less if people are dying of starvation. ...

Marcia Merry Baker: Look at the specifics in Africa. In the Democratic Republic of Congo, imported chickens cost \$2, whereas locally grown chickens are \$6. For the continent of Africa as a whole, they have to import 40 percent of their daily food staples; not specialties, but wheat, rice, sorghum and corn. ...

Things are moving very fast and badly on food shortages. Just Friday [September 4] the U.N. Security Council was informed that four nations are now at the point of famine—Democratic Republic of Congo, Yemen, South Sudan, and northeastern Nigeria. In fact, famine is the other side of the coin, to the bankrupting of farmers in the United States and Europe.

All it shows is that the system is blown out. We should have parity pricing; we should have anti-trust—the laws are on the books. And we should be mustering the volumes of emergency food needed for any place in the world short of food.

**Question:** *What does the U.S. Federal Reserve, a private company, contribute to the financial power of the British Empire? If we nationalized it, would that defeat the British Empire?*

**Paul Gallagher:** The whole answers to those questions would take a while, but basically, what does the Federal Reserve contribute to the British Empire? At this point, virtually everything. The City of London banks as well as the Wall Street banks are being injected with huge volumes of liquidity by our Federal Reserve, both directly and through swap lines with the Bank of England. The Federal Reserve is providing the background for the moves that the Bank of England is trying to lead under this fellow, Andrew Bailey, who took over from Mark Carney, in order to introduce what they call central bank digital currencies. That takes a little time, but if the central banks get in their digital currencies and manage to take direct control of economies with those digital currencies, you're going to have an absolute, Green holocaust.

So, in terms of nationalizing the Fed, we should, yes.

But I'd like to respond to what's been discussed here as a whole. To say that there is a market for food—a national market or an international market for food—which one should be for or against that market, is like

saying that there is a market for credit in the United States. There is no market for credit; there are 11 huge banks, and they are withdrawing credit, as I mentioned a while ago. They are in the process of pulling credit out of that credit market, not putting it in. The Fed puts liquidity into these banks, and the banks pull liquidity out of the market in order to speculate.

So the individual farm household is not facing a credit market; instead, it's duking it out with probably one local bank, which has a lot of bad loans and a high cost of acquiring capital right now, and therefore is not offering them much of anything in the way of credit.

The same answer applies to whether there is market for food.

In the 19th Century, a great deal was written by Americans and American economists about wages, prices, tariffs. In particular, Henry Carey, Lincoln's friend and sometime advisor, put down as a principle that the closer producers were brought to their suppliers and those who were going to buy their products, the higher incomes for everyone would be. If you have a local diversity of both industry and agriculture, and the interchange of products among them is primarily in a local and regional area, the prices, wages, incomes of everybody are going to be higher as a result of that. We have to bring that about.

The kind of operation that Mr. Callicrate described earlier—his own operation—we have to make it possible that that kind of thing can spread across the United States and also in Europe. This is where a real national credit institution comes in—a nationalized Federal Reserve, a Reconstruction Finance Corporation on the model of Roosevelt's.

That kind of a credit institution can make it possible for the kind of advances that were described as happening at the Friesla company, in the local meat lockers and the way they integrate them into the power and water and related supplies. That can make it possible, through credit, for that kind of thing to proliferate wherever food is being grown, where other agricultural products are being grown. That way, everybody has access to that kind of credit and also has access to a production and distribution system which they can see and which works, which raises incomes generally.

Whether we nationalize the Federal Reserve or not, the point is, the mission. What are you going to try to do with the credit that a national credit institution is going to create? Once that's clear, there are a lot of ways to do it.



## INTERNATIONAL CALL

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# A Matter of Life or Death

OCTOBER 13, 2020

### Call for International Mobilization of Food Resources To Fight Starvation in Africa

My name is Ramasimong Phillip Tsokolibane. I am the leader of the LaRouche movement in South Africa. But I make this urgent appeal not as a citizen of my country, but as a spokesman for all those who are now starving or who will soon face starvation in Africa, and have no one to speak on their behalf.

Right now, many millions of my fellow Africans are starving. They are starving thanks to a combination of deliberately enforced underdevelopment of my continent—enforced by the neocolonial power of the British Empire, acting through their financial power in the City of London and Wall Street—now intersecting both a global pandemic and locust plagues and other natural disasters affecting food production on the continent. To use the technical language, they are suffering from “Acute Food Insecurity Phase 4: Emergency,” one step away from “Phase 5: Famine.” If you drop the polite jargon, they are already starving, while millions more will also face starvation unless food is made available to them quickly.

“Humanity is facing the greatest crisis any of us have ever seen. It’s time for those who have the most to step up, to help those who have the least.” That warning came from David Beasley, Executive Director of the UN World Food Program, on September 17. He wrote that *30 million people are now in danger of dying from starvation*. Most of them are in Africa.

I want to stress that this is not a matter of what will happen—*it is already happening*. And unless



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Ramasimong Phillip Tsokolibane

something is done and done soon, millions and millions of people will die in the immediate weeks and months ahead, as David Beasley warned. He had already addressed the UN Security Council in April, warning that *300,000 people could die every day*.

While various charitable and other organizations have sounded alarm bells and have appealed for money, the issue we face, if we want to save lives, is securing massive amounts of food, as soon as possible, to hungry and starving people. Given the state of infrastructure on the continent and the fact that much of this

starvation is occurring in isolated, rural areas, the distribution that must take place is well beyond the means of individual governments and those of relief agencies.

I believe we must mobilize the logistical capacities of the world’s most capable military forces and design a strategy to bring food supplies from such food-producing nations as the United States and Canada, and bring them directly to those who need them. Let allies and adversaries alike, join forces, in this greatest of all humanitarian efforts. In his most recent encyclical letter, *Fratelli Tutti (On Fraternity and Social Friendship)*, His Holiness Pope Francis wrote that it is finally time for mankind to give up the idea that war is justifiable—any kind of war that takes human life. But this is rather a war—or more precisely, an international battle—to *save* that most sacred of things, human life.

I appeal to the American President, Donald Trump:

Take up this challenge. Give America's farmers the mission to produce the food to feed the starving, while deploying the vast resources of the U.S. military on this mission of mercy to bring food to those who need it on my continent. Do this in the spirit of your wife, the gracious First Lady Melania, who pledged to help Africa and especially its children in any and every way possible, while visiting the continent in October 2018. By emergency action, take whatever steps are necessary to make this happen.

This should be sufficient reason to convene that international great power summit called for by the great

lady, Helga Zepp-LaRouche, chairwoman of the Schiller Institute.

We can save lives, but it will take an international effort to do so. The U.S. did this once before. I am reminded of that great effort to get food to the starving people of post-World War II Europe, that involved a mobilization of the noble and good American people, who sent those CARE packages and food supplies.

My African sisters and brothers can be saved if the will is there, and if people see themselves as acting in the spirit of *caritas* (*agapē*), rising above petty differences to do something good and great.

# A Punctum Saliens

by Helga Zepp-LaRouche

*This is the edited transcription of Helga Zepp-LaRouche's closing remarks to the LaRouche PAC's Town Hall, October 10, 2020.*

I was asked what Schiller would do in a situation like this. Schiller was not a politician, but a writer of dramas. But all his dramas were great, strategic studies, which he wrote for every country in Europe—Spain, France, England, Germany, Poland, Switzerland. And when you read all of these great dramas, you find that there is always one point, which he called the *punctum saliens*, when the entire history has reached a certain point of decision. And in that moment, it depends on whether the person who is the main figure in the play, can mobilize within himself, or within herself, the kind of greatness, the nobleness of character, the quality of the sublime, to do that which is for the common good, in the interest of future generations.

Look at the United States as a drama, the history of the United States, starting in the Renaissance when the idea of a sovereign republic was developed by Nicholas of Cusa for the first time. These ideas were realized for the first time in the American Constitution. Then think about Columbus discovering America, a lot went into that. Then think about the American Revolution itself, which was a European project. Many forces went into it.

Then there was the Declaration of Independence, the War of Independence, the development of the American System of economics through Alexander Hamilton, then with Lincoln and the Civil War. Then there was the unfortunate development in the First World

War. Franklin D. Roosevelt brings the United States out of the Depression. Then the entire postwar period, Kennedy, the Moon program, the whole life's work of Lyndon LaRouche, the most important intellectual influence of his time, not only in the United States, but way beyond.

And now, you come to this moment, where you have your *punctum saliens* of American history, the moment when all the beautiful things that America represents and has contributed, in the better parts of its history, to universal history are here. And now you have the effort by the British Empire to make a coup, to undo all of that, to finalize the subjugation of its American colony under the rule of the British Empire. And it is up to you, now.

You are the player on the stage of history. The American people are the sovereign. But you have to assert that power right now, and that means you have to evoke inside yourself that quality of love, of *agapē*, of really taking care not only of the United States, but of the entire world, because the fate of the world will depend on the outcome of this election.

So I think you have to really mobilize inside yourself a power which is greater than anything you have experienced in your life so far, because there is more at stake than at any moment before. So I count on you, that you will do it, and together we will make the biggest mobilization in the next two weeks. And I think the enemy can be defeated. One other lesson from Schiller is that you *can* bring down the arm of the tyrant if many people work together for a good plan—and that's what we have.

## EDITORIAL

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