from the standpoint of the principle underlying all of the successes of the building of the United States, contrasted with the notion of a wildly hyperinflationary effort to maintain a monetarist system now.

Take a lesson from the achievements of Charlemagne, for as long as he lived.

Among the many reforms which Charlemagne introduced, the keystone was the development of a form of credit-system centered upon connecting the principal riparian systems of the internal territory of his realm by a system of canals which are still an essential feature of European culture in that same region, and also beyond, in Europe still today. It is the development of great public works such as the reform under Charlemagne, then, of the case of Franklin Roosevelt’s backing of the TVA, and the greatest system yet designed, NAWAPA, which typifies the physical-economic platforms of progress, through great public works, from which private enterprises gain the foundations on which local agricultural and other local gains in physical productivity and improved standard of living have always depended.

The appropriate method for realizing such benefits, is the promotion of scientific and technological advances in the productive powers of labor, per capita and per square kilometer, which provide the basis for those investments which are worth more in results for the nation than their net physical cost. The factor of net physical increase of productivity, per capita and per square kilometer, through the long-term trend of increase of the energy-flux-density of progress, is the factor on which the real increase in growth of physical value of extended public credit depends.

Such achievements, which depend upon a system of public credit, rather than a monetarist system, represent the physical factor of action on which the existence of a successful system of national credit depends. In the U.S.A. case, it was the organization of credit on the basis of national banking, in which national banking supplied the foundations on which local commercial banking depends, rather than speculative “Wall Street” games.

This means, in practice, that, for the United Kingdom to outlive the consequences of its present folly, it must base its own internal growth on a national system of public credit, expressed in detail in the equivalent of a regulated system of public credit. The margin for this in the longer term, is participation in the raising of the physical standard of living and of physical productivity, through aid of very large public infrastructure projects not inconsistent with the U.S. projected NAWAPA project, for the raising of the income of the peoples of Europe and North America through the improvement of the quality of production and life of the peoples of, especially, Africa, Asia, and South America. The driver of any successful effort of that sort, requires a global fixed-exchange system of systems of public credit of the participating sovereign republics.

It is the upgrading of the conditions of life of the people of the United Kingdom, for example, which thus defines the principle of a global system of public credit among respectively perfectly sovereign nation-states, which is not merely the best hope for mankind today, but is, presently, the only hope for each and every part of mankind.

---

Is Europe Breaking Up?

Youth Need a Vision For the Future!

by Helga Zepp-LaRouche

This article was translated from German.

Feb. 4—The escalation of violent confrontations in Egypt and the growing protests in North Africa, Yemen, Syria, Jordan, and India, are but regional manifestations of the ongoing collapse of the global financial system. The reluctance of Western governments and media to face this fact is nowhere more evident than in the sudden change of heart toward the Presidents of Tunisia and Egypt. Hailed just three weeks ago as friends and allies of Western interests against the threat of Muslim fundamentalists, Western governments have now turned 180° to demand the immediate resignation of these same “despots and dictators.”

Those demonstrations, however, were mainly economic in nature, to protest against a 10-20% rise in food prices and against the lack of prospects for the future, especially among the younger generation, which sees absolutely no future in the present system of globalization. The average age of the Egyptian population is just 24 (compared to 42.6 in Germany), and the 15-29-year-
olds—who constitute the majority of activists at the Egyptian demonstrations—number 12.5 million, which is three times the number of 50-64-year-olds (4.4 million). Thus, even if the ruling establishment were driven out, there would still not be enough jobs for the young people.

Now that the EU and various politicians are demanding the immediate resignation of Egyptian President Hosni Mubarak, without setting into motion immediately a crash program for real economic development, there is a threat of a new French Revolution, followed by waves of Jacobin-style terror. Social scientist Gunnar Heinsohn warned in the Frankfurter Allgemeine Zeitung that there could be mass killing of youths, should the current elite be ousted.

**Jobs: A New Marshall Plan**

Therefore, the sudden demands for democratic reforms and introduction of parliamentary democracy are just empty words, no better, in themselves, than prevailing Presidential systems modeled on France’s Fourth Republic. Instead, an economic perspective is urgently needed. This has apparently been understood by Italian Foreign Minister Franco Frattini, whose Mediterranean country neighbors North Africa, who called on Feb. 2, in an interview with the Italian weekly Oggi for a change in European policies toward North Africa. “Europe must do more to stabilize the Mediterranean area. Above all, it must be more concrete, as Italy has often offered. We must change our approach: no more bureaucratic structures and statements. We must move to a ‘projects-based Mediterranean,’ with infrastructure development, small and medium enterprises, agriculture, tourism, energy, to create development, jobs, and lasting stability.”

The influential Rome daily Il Tempo called, in a prominently placed editorial on Feb. 1, for a “Marshall Plan,” as an appropriate response to the crisis in Egypt. Under the headline “A Marshall Plan for Egypt (and for Us),” the author (writing under the pseudonym “Marlowe”) counterposes the need for building up the economy to the current obsession of European governments with financial discipline, deficits, and balancing the budget. We need a real development plan, he writes, not a “plan that only exists on paper.” Europe and the United States should be jointly committed to such a policy.

The recently concluded meeting in Davos, Switzerland of the World Economic Forum, he continues, is exemplary of the West’s impotence. There, “despite the presence of many money-makers and decision leaders (as they like to be called) all at the same time at the Swiss ski resort, not one bit of strategy was even outlined, either politically or economically,” for the explosion in Egypt. Marlowe writes that the basis of the revolt was initially economic in nature. “A sort of Marshall Plan would make it possible to meet the most immediate needs of the population, namely to create a durable perspective for this part of the world....”

Obviously, it is much better understood in Italy—where thousands of African, Iraqi, and Afghan refugees try to enter every month, just as in Greece, Spain, and Portugal—that people cannot eat “democracy,” nor can a Limes fortification line be built around Europe. Thanks to all the rescue packages for the banks, speculation in raw materials and food products is already above the 2008 level, and the UN and FAO are warning of food riots in 80 nations. It is therefore no wonder that people in these countries are increasingly trying to escape from hunger, disease, and hopelessness, and go where they think they might have a chance to survive.

Since the U.S. government is continuing to finance its budget deficits and its bankrupt banking system by printing money, and the EU is likewise pursuing the policy of rescue packages for bankrupt States, inflation has already entered a hyperinflationary phase, i.e., the rate of acceleration of inflation is increasing. The FAO world food price index rose by 43% in 2010. Add a food shortage to the price inflation, and an escalation of food riots is imminent.

**Germany and the EU**

If Chancellor Angela Merkel’s and President Nicolas Sarkozy’s plan is accepted by the EU summit in Brussels today, this will be a big step toward European economic government. The other EU members, in exchange for Germany’s provision of additional “guarantees” to the EFSF (European Financial Stability Facility), would have to accept the German model—that is, the “debt brake,” increasing the retirement age, and other measures to “harmonize” economic and financial policies among the EU members. This would mean avoiding the central problem of the systemic crisis altogether. The EU will continue to move toward becoming a transfer union,1 and the German taxpayer will have to

---

1. This is a term specifically created for this situation in the EU, mean-
bleed, as Alexander Dibelius, CEO of Goldman Sachs in Germany, bluntly demanded in Bild newspaper. The fact that this will strengthen the role of the Council of Europe (the heads of government) compared to the EU Commission, does not make the policy one iota better.

Not only is the euro increasingly unpopular, but a recent survey by the Allensbach Institute showed that confidence in the EU has shrunk so much, that only 41% of citizens see their future in a unified Europe. The German people. After the debt crisis, the EU’s reputation quickly fell to a new low. There is no risk in forecasting that this reputation will drop a great deal lower if Europe’s governments accept the plan that German State Secretary Jorg Asmussen has announced for the summit of the Council of Europe on March 24-25, and which will consist of a package of “fiscal consolidation, growth-promoting structural reforms, and amendments to the Stability and Growth Pact.” These are simply cosmetic corrections to monetarist austerity policies, which will change nothing with respect to either global hyperinflation or the role of Germany as paymaster.

Clearly, the political establishment in Europe does not understand why citizens are sick and tired of “Europe,” nor does it perceive the growing gap between its own notions of European or even world “governance” and the state of mind of the people. A typical example is the amazing lack of perspicacity that led none other than George Soros to be invited to present his drivel at the Munich Security Conference. All this is reminiscent of the famous last words of Erich Honecker: “Socialism in its course…”

**Develop Africa!**

The only chance to prevent a plunge into chaos lies in applying to Europe the conclusions of the U.S. Angelides report [see article in this issue], namely to introduce immediately, in all European nations, a two-tier banking system [known as Glass-Steagall in the United States], to restore sovereignty over one’s own currency, and to place on the agenda productive credit creation for a real development program for Africa. A very important part of this would be a whole package of water-management projects, to make water available for irrigation, industry, and urban development.

This includes the construction of a tunnel or canal from the Mediterranean to the Qattara Depression in northwestern Egypt, using that water to operate a number of hydropower plants; the formation of a lake that could contribute to the creation of new, small weather cycles, as the water is evaporated by the Sun, falls back down in the form of rain, and contributes to the development of new agricultural land. Relieving the burden on Cairo by building a number of agro-industrial satellite cities could be a first concrete step, which would show the young people of Egypt a way forward.

Developing modern versions of the plan by the French engineer François-Elie Roudaire [see EIR, Jan. 28, 2011, p. 44], who, at the end of the 19th Century, suggested that the salt lakes of Algeria and Tunisia, which regularly dry out in early Summer, could be supplied with water, using the vegetation that would then begin to grow, to develop new areas of precipitation, and thereby, turning areas that are now desert, and subject to food riots, into breadbaskets for the whole of North Africa.

The Transaqua project, which has been much discussed, could bring the surplus waters of the Congo River, by a river and canal system, to Lake Chad, which has been dried out to 10% of its original size, thereby creating the conditions for irrigation of much of the Sahel. Other water projects for Ethiopia, Eritrea, Sudan, Chad, and Egypt could, in a few years, turn a significant part of the vast deserts into agricultural regions and help to eliminate hunger in Africa. Many of these projects have been lying on the shelves of the engineering firms for a long time, and could be started up immediately.

Any thinking person—and anyone who is not morally already dead—can see that mankind has reached a crossroads. If governments continue as they have been doing, and bail out the speculators at the expense of the taxpayer, while the whole social structure is being destroyed, there could soon be Egyptian conditions anywhere on the planet. And vice versa: If we now place a development perspective on the agenda, young people around the world will once again have hope for the future and see a reason for learning, studying, and developing their creative potential.

---

1. East German communist leader Honecker said in a speech in Berlin on Oct. 7, 1989 (as his government was collapsing), “Den Sozialismus in seinem Lauf halt weder Ochs noch Esel auf” (“Neither an ox nor an ass can stop the progress of socialism.”) The adage was originally coined by German socialist August Bebel (1840-1913).

2. That the debt of one or more EU members gets transferred to one or more others; this is specifically ruled out by the Lisbon Treaty.