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LaRouche to Obama: End Coverup of Saudi 9/11 Role
Two Sudans Can Become Africa's Breadbasket
Zepp-LaRouche: QE3 Means Hyperinflation in Europe

U.S. Revival of Glass-Steagall Is Europe's Only Chance for Survival

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EIR

From the Managing Editor

The title of Lyndon LaRouche's July 21 webcast, "There are no options, only solutions," which we are anticipating as I write this, presents the simple truth: We have run out of any option, but to immediately carry out LaRouche's proposed solution for a new global credit system based on FDR's 1933 Glass-Steagall law.

In this issue, we focus on the increasingly obvious reality that the British imperial monetary system is completely *kaput*; and the more the bankers and politicians try to impose Hitler-like austerity, the more their system spins out of control, into a Never-Never Land of more cuts, more bailouts, and infinitely more misery for their nations.

Our *Feature* leads with LaRouche's emergency statement of July 11: "If Europe Goes, So Does the U.S.A.: Europe's Only Chance for Survival," in which he writes that, "A game had been played, which has now blown up, and they're trying to hold the thing together with baling wire or something. We have the solution.... In this moment, if we have the will and capability, we're going to change the world. The time has come!"

Echoing LaRouche's view that "this system can not live any longer," and that the solution is Glass-Steagall, are three speeches from the July 2-3 Schiller Conference, which we began coverage of last week: Belgian economist Eric De Keuleneer; Danish Professor of Economics Christen Sørensen; and French economist Eric Verhaeghe.

This theme is carried into *World News* with Helga Zepp-LaRouche's call to stop Bernanke's QE3, which would mean hyperinflation, and drive the nations of Europe deeper into crisis. Here, we also cover LaRouche's demand that Obama end the coverup of the Saudi role in the 9/11 terror attacks, by declassifying the 28 pages of the Congressional Report on 9/11; and the challenge to the new nation of South Sudan, and its sister nation Sudan, to adopt the common mission to become a breadbasket for Africa, by defeating British imperial attempts to plunge the region into Hobbesian warfare.

A *Schiller Conference* section, carries two additional speeches from the panel on African development: French Presidential candidate and longtime LaRouche associate Jacques Cheminade, and Italian engineer/architect Marcello Vichi.

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The LaRouche Youth Movement organizes for Glass-Steagall in Seattle, July 2, 2011.

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IF EUROPE GOES, SO DOES THE U.S.A.

Europe's Only Chance for Survival

By Lyndon H. LaRouche, Jr.

LaRouche issued the following emergency statement July 11, in the course of a policy review with colleagues on both sides of the Atlantic:

What happened with Tremonti's ultimatum to the prime ministership in Italy means that Tremonti has tipped the wagon.[1] He's made a proposal, which if he were to be fired—Tremonti—that would collapse the entire European system in a chain reaction collapse. Now, I've had some conversations with Tremonti in the past, and these are not irrelevant at this moment.

Now, what's happened is, the whole system of Europe, economic financial system of Europe, is rotten to the core. There is no way this system could survive. The only question is: Is the collapse going to occur overnight, or sometime near that? This is the end of the system; and if a wrong move is made, a wrong choice of move is made, the whole world will go very soon—in a matter of days—into a general collapse.

Now, *I'm the one.* I'm the gravedigger of such follies; that is my function. And I'm not going to use a shovel; I will use a steamroller. What that means is, we are going to do the following: The situation of Europe is absolutely hopeless with the present system. We've now reached the point of a total breakdown crisis, because the whole system has reached a point which I knew was going to come. It's going to collapse one way or the other.

The only way it could be rescued would be by the United States, because the present European system has no provision for dealing with a crisis like this. A game had been played, particularly by the British and by Wall Street. A game had been played, which has now blown up, and they're trying to hold the thing together with baling wire or something. We have the solution.

1. In a July 9 interview with the Milan daily *Corriere della Sera*, Italian Finance Minister Giulio Tremonti warned that if he were to be fired by Prime Minister Silvio Berlusconi, it could bring down the entire euro system.

European community/Christian Lambiotte

Italian Finance Minister Giulio Tremonti "has tipped the wagon," LaRouche writes, by warning that if he were to be fired, the entire euro-system would go down in a chain-reaction collapse.

First of all, Europe has the same kind of problem that we in the United States have—the same *type* of problem, not exactly the same *kind*, but the same type. There's no way that this system can continue to exist, because there is no way, at the same time, to increase the debt—the worthless debt—as an obligation to crush the physical economy of Europe and the United States, and elsewhere. There's no way you can liquefy this process. None. You have to wipe out vast amounts of the current debt. And obviously, we're going to wipe out the useless one, the purely parasitical one, and we're going to use as an ingredient the model of Glass-Steagall.

Now Glass-Steagall essentially takes all the garbage, all the debt garbage in Europe of the type we can not pay, and we're going to give it to the relevant merchant banking system. "It's yours! It's all yours! You wanted it; now you're getting it!" Nice? Sweet? Oh, it's sweet. You don't know how sweet this is; you have not yet assimilated what I've thought about this. You will soon, with our help, just to make sure you all have a fair chance at giggling.

The time has come for that, because if Europe goes, the United States goes. If the United States goes now, Europe goes. Therefore, they *have no option.* Behave, or die; that's their option. And they have no remedy for it; no solution, except an attempt at dictatorship. And dictatorship will blow up dictatorship. Because the attempt at scrambling and establishing it will cause confusion, and the whole thing will disintegrate. In this moment, if we have the will and capability, we're going to change the world. The time has come! Numbers don't count! Policy counts; the policy that represents a solution is what counts.

This system can not live any longer. The death knell has sounded; the death rattle has sounded. And all the fools who have ever opposed us—we're laughing at them. Damned stupid fools! You thought that you were smart; you knew how to do something that we didn't know how to do. Well, you've just learned your lesson. You never had it.

So, the first item will be a statement of the policy to deal with the present world crisis as now being detonated—both from the President of the United States currently, with his idiocy, in synchronization with a crisis in Europe which is the most deadly crisis that Europe has experienced since World War II. It's on now; tonight and tomorrow. The drums are beating, the game is over, and we know what to do; at least I do.

The Solution: A Credit System

What we have to do, is, in place of the present system, we have to establish a credit system in the world. Why? Because the only way you can save Europe is, you have to do a Glass-Steagall-type action first.

That's only the first step. The Glass-Steagall-type action means that whole categories of debt are given to a merchant banking system to see if it can eat it. It's no longer the responsibility of the institutions of governments. It's thrown away; it's gambling debt, it's "Boardwalk" money, it's coupons for play money—coupons which are now being called value. Burn it!

All right. So, that's number one. Europe has to take a Glass-Steagall-type standard immediately, otherwise it can not solve this problem. No possible solution. Most of the assets, so-called, are fake. They are nominal paper with no backing, except the ability to loot and kill people in Europe and elsewhere. You've got a choice: You want to kill people? You want to mass murder people, in order to try, futilely, to defend these values? You want to try to set up a dictatorship where there's no value to buy the instruments of dictatorship?

Europe could not survive that operation, because the amount of debt, of worthless debt, far exceeds other needs, and far exceeds the assets. So, therefore, what they have to do is, Europe has to go into bankruptcy. You're going to have to destroy those fake assets. You

EIRNS/James Rea

Only if Europe adopts a Glass-Steagall reform, in parallel with the United States, can we save the Trans-Atlantic region. Here, BüSo organizers campaign against the bailouts and for Glass-Steagall, in Potsdam, Germany.

can not bail it out with real money; you can not bail it out with the lives and bodies of people; can't do it. If you try to do it, Europe ceases to exist; it goes into chaos, into a Dark Age beyond anything you ever dreamed of before. And that situation is right now. So therefore, what's the remedy?

Europe, if it cancels all the worthless debt, will be bankrupt. What's the solution? The Alexander Hamilton solution, as practiced on the Constitution of the United States. We cancel the trash, we honor the legitimate debt that is in a legitimate form, and we utter a credit system in which we move the debt of the states, the legitimate debt of the states, the legitimate debts of the nation, which are now located in the states, the same way we moved it into a credit system, the same way as was done in the formation of the U.S. Constitution. That's what works; it's the American System, the *real American System.*

Now, in that way, we can survive. Why? Right now, the amount of actual fungible credit represented by the existing debt of the United States, can not be paid, can not be sustained *unless* as under a Glass-Steagall provision, which is what the U.S. Constitution already had before Glass-Steagall existed.

At that point, we now have an entity which is not money. It's a denoted debt of a credit system, not a monetarist system. The debt of the United States no longer depends upon money. This is what the United States was constituted to be. This is the difference between the United States and Europe, and has been ever since that discovery. So therefore, Europe can not survive. Well, unless they should happen to join the United States in a similar policy like a Glass-Steagall for Europe.

All right, so therefore, Europe is bankrupt. Now, how can they deal with this problem? Well, if the United States has taken the Glass-Steagall reform, which throws all this garbage out there, and says, you go out to Wall Street, and say "Hey! I've got good news for you! *You can own it all yourself. We have nothing to do with it.* We don't pay it; we don't owe it. It's not ours. *It's yours!* All yours! Wall Street, see if you can eat that. If you can't eat it, stuff it!" That's the basis of the thing.

Now, if we have a Glass-Steagall reform, if Europe has a corresponding measure or reform, we can save the transatlantic region, very simply. It's through a credit system of the type described by Alexander Hamilton in composing our Federal Constitution. In other words, we get rid of the crap! Take the crap, the unpayable crap, the worthless crap in the system—it's speculative money, that's all it is, pure speculation. Gambling money.

Ah! Now, therefore, how do we solve the problem? Europe can not come out with a balance of credit sufficient to maintain European industries and agriculture and other things. What do we have to do? We have to get a fixed-exchange-rate system, the Roosevelt fixed-exchange-rate system. That solves the problem. Because what we're going to end up doing is, we're going to discount all the debt which is inflated debt, by the equivalent of a Glass-Steagall system. We just take all that crap—that's not legitimate debt.

Increase Productivity

So therefore, by reducing the liability of Europe, we can afford to help bail the bastards out. And we can bail out the United States. Which means, we have to go to work, because we have to start producing in order to cover what is the indebtedness, occasioned by continuing operations of our nation.

The obligation we have to maintain is, we have to maintain essential physical functions of the nation. Anything else is just a question of debate; it's a question of discretion. If we increase our investment in nuclear

power, we can get more credit. If we get thermonuclear power, we can get *still more credit*! If we could get to a matter/anti-matter reaction—Oh! A tremendous amount of credit. Because the productivity per capita, and per square kilometer of the territory of the United States—as in Europe—will suddenly soar! So therefore, we can fund almost everything, if we supply the technological improvement, investment in productivity of that nature. It really is not a problem.

The problem is, if you believe in money, in a monetarist system, you are screwed. You have to give up the idea of a monetarist system. You have to give up Adam Smith, or put him where he belongs, because with an Adam Smith system, you can't save the world; you can't keep the world alive. Adam Smith is finally, long after his stinking death, is finally going to come to his final resting place (we hope not in our neighborhood).

NRC

There is no problem finding the credit to rebuild our economy, LaRouche writes: "If we increase our investment in nuclear power, we can get more credit. If we get thermonuclear power, we can get still more credit! If we could get to a matter/anti-matter reaction—Oh! A tremendous amount of credit." Shown: the Callaway nuclear power plant, near Fulton, Mo.

Therefore, we are going to a *physical economy*, in which the productivity, *physical productivity* and equivalent per capita, will be the basis of the economy. That's the nature of a credit system, a Hamiltonian credit system with national banking. And the national bank is the repository, chiefly, of the credit system. And from the national bank you develop and back up the other banks which meet the standard of banks, real banks, commercial banks. And you also include with commercial banks, certain other kinds of banking which is not of an interest-bearing quality in the normal sense. As we did with the lending, with the housing project, the savings and loans, which was killed under the Carter Administration. So we restore this capability.

Now, with one simple reform, or combined stage of reform, by establishing a credit-system reform in Europe and the United States, by adjusting the credit structure on a production/productivity basis, with an anticipated committed productivity basis: nuclear power, you get a bonus; thermonuclear power, you get a bigger bonus. Matter/anti-matter reaction—you get it to work, you get a bigger one. High technology, new kinds of rail systems to replace crowded, congested automobile routes. All these things increase the value per capita and per square kilometer of production of the economy.

We're going to make a revolution, and they either accept it, or they die. And that has to be made clear to them. The time has come for a good revolution—this one. A global fixed-exchange-rate system in which the question of actual physical productivity per capita and per square kilometer is the standard of measure of value. If you're producing, boy, you owe us. It's that simple. If you're producing high technology, you're increasing the investment and the development of our population, its creative and productive powers, and you get a bonus. Because the Federal government must then judge the relative productivity, physical productivity embodied in investments. And pre-assess the value of these investments for a credit system, accordingly. And you will find that, per capita, you will increase the total amount of debt. But your productivity increase will more than balance it. And that's the system. It's that simple.

Mankind's Immortality

The other thing we have to do is a deeper consideration. You can not have a system which assesses value on what somebody does in their own life. You have to assess the immortality of the soul, essentially, which is based on the increase of the productive powers of labor, particularly when it comes to money terms. The value of the individual person, as expressed in the development of their creative powers, and the value of the future, even after you're dead, that you represent for having contributed to make that future possible. Therefore, there will be inheritance. The inheritance of the yet-to-be-born by those who are working. These are very elementary principles. They involve a deeper understanding of technology, how it works and so forth; that's all there.

Glass-Steagall: The Global Solution

The following three speeches from the Schiller Institute Conference, July 2-3, in Rüsselsheim, Germany, each addressed, in its particular fashion, why a Glass-Steagall-type solution is both appropriate and necessary, not only for the United States, but for Europe, as a whole, and for Africa, as well.

Belgian economist and university professor Eric de Keuleneer is the director of a small community bank: "I've been a banker all my life," he said. "I think finance can be very respectable, but finance is there only to help the real economy to transfer savings to people who need to borrow and to invest."

De Keuleneer expressed his view that "a complete and thorough return to a Glass-Steagall system," is the only way to stop the financial madness.

Eric Verhaeghe is a French economist who spoke about the financial crisis as an example of the need for a Glass-Steagall law in France, and reviewed the history the two-tiered banking system in France, beginning with de Gaulle's 1945 regulation of banking, as the precondition for the reconstruction of the nation following World War II.

Christen Sørensen, the former chairman of the Economic Council of Denmark, endorsed the adoption of a Glass-Steagall system, but stressed as well, the need to carry out a thoroughgoing investigation of what went wrong in the financial meltdown, citing the U.S. Angelides Report (Financial Crisis Inquiry Report), as a universal model.

All speeches are available as videos at http://www.schillerinstitute.org.

Eric De Keuleneer

From the Big Bang To the Big Hole

Eric De Keuleneer is an economist and professor at the Brussels Solvay Business School (Université Libre de Bruxelles). He is managing director of the community bank Credibe SA and of the University Foundation. He was formerly a member of the Supervisory Board of the Belgian Banking, Finance, and Insurance Commission. He is the author of a number of publications on capital markets and corporate governance. The full title of his speech to the conference on July 2 was: "From the Big Bang to the Big Hole: How Finance Became a Parasite and Then a Vampire for Our Societies, and How To Bring It Back to Earth." The illustrations have been added by ***EIR****.*

EIRNS/James Rea

I'm going to discuss with you the present state of our financial system and what can be learned from what is happening, and where we hopefully could go, with some effort.

The last great financial crisis we had was in the 1920s and 1930s, and when Glass-Steagall came into being, it was after substantial analysis and examination of what had caused the crisis of the Great Depression of the 1930s. It was recognized that the main reason for that depression had been the financial excesses of the 1920s. And those financial excesses were concentrated on, first of all, the weakening of deposit-taking banks, which had been taking too much risk with depositors' money; and secondly,

President Franklin D. Roosevelt signing the Glass-Steagall Act in 1933. The dismantling of Glass-Steagall began long before its actual repeal, in 1999.

substantial conflicts of interest among the various types of finance companies.

Therefore, what is globally known as the "Glass-Steagall System" provided, first of all, that banks that took deposits became very limited in the kinds of risks they could take; and secondly, that various banking functions had to be separated. Thus, the so-called investment banks, which would advise issuers about securities, had to be separated not only from commercial banks, but also from the brokerage activities—the brokers were advising investors—and also of trust banks, which held the securities in custody.

It was also recognized that a great part of the responsibility for the financial crisis came from the fact that shareholders, and more specifically, holding companies, had been having far too great an influence on companies, because, through holding-company structures, people who did not even have the legitimacy of owners of shares, could exert great influence on companies.

Thus, a lot of legislation was enacted in that time, to keep the financial sector at a reasonable size, and also to keep its profitability under control. There was little incentive at that time for banks and financial companies to market their services, because their profitability was limited. I personally have the view that credit is very useful in the right quantity, very much like drugs. Drugs can be very useful in a limited amount, but if you overconsume them, they can be very dangerous. Exactly the same is the case with credit. Credit is very useful if you use it well; excessively, it can cause great harm.

The 'Big Bang' of Deregulation

In the 1980s, for a number of reasons, political ones among others, it was decided to deregulate, in order to enhance innovation and particularly "financial innovation." It was believed that financial innovation would bring progress. What was called the "Big Bang" in London was a great movement of deregulation and "despecialization" of finance. Instead of being held to specialized activities, financial companies became free to engage in any kind of activity, and thus, of course, conflicts of interest reappeared immediately.

The center for financial deregulation and the new financial dynamism was, at that time, called the eurodollar market, which was centered in London. The eurodeposit market and the eurobond market had nothing to do with the euro as a currency, which did not exist yet. They involved simply any currency that, outside of its country of issuance, would be called a euro-currency.

It was felt, even in the 1970s, that this eurodeposit market would recycle the "petrodollars," the huge reserves that oil-exporting countries had accumulated. It became quite quickly obvious that this recycling had been a disaster, and throughout the '90s there were successive financial crises in, among others, many developing countries, which had been pushed to borrow far too much for their own good, very much as Greece has today, and those countries also had to undergo substantial crises because of financial misbehavior.

At that time also, takeovers became very normal, and hostile takeovers became the fashion on Wall Street. It was maintained that companies had to be "as big as possible," because size would allow economies of scale—which nobody ever checked or even understood—and that the larger the company, the better it would be.

The Parasite Grows

This culminated in the 1990s, when finance really became more of a parasite in the economy. Finance is

normally something very respectable. I've been a banker all my life, personally, and I think finance can be very respectable; but finance is there only to help the real economy to transfer savings to people who need to borrow and to invest. Finance is there as a kind of transmitter. Finance can and should be done at the least possible cost.

Before 1975, financial companies had a weight of about 3% in our economies. From the beginning of the deregulation in 1975, until 1990, transaction costs in financial markets had substantially decreased. The commissions that were paid to those who do a financial transaction had substantially decreased. Thus, at the micro level, it was said that deregulation is a great success!

But if you look at the macro level, the earnings, the revenues of financial companies, had risen from 3% of the economy to 9% of the economy. And you could not really say that financial services were better; even to the contrary: Volatility had increased; many banks were not doing their credit selection work any more, but were outsourcing that work to rating agencies, and didn't apply their own judgment any more. Thus, the real added value of finance had certainly not improved, but its share in GNP had been multiplied by three.

During the '90s we also had to swallow the "market efficiency" theories, which said that financial markets are efficient, and thus that you could leave any kind of allocation to the market because they will deal with it efficiently.

By the way, even for the father of the liberal economy, Adam Smith, markets need transparency in order to work; they need competition, and they also need ethics. It is probably one of the biggest problems with the liberalized financial market, that this very important proposition of Adam Smith—that people have a self-interest in being ethical, which is one of the foundations of his reasoning—well, that is proven every day to be false.

Certainly in financial markets, it does not pay to be ethical, and it is very profitable to be unethical. Many people keep saying that you don't have to regulate too much; oh, you don't have to worry too much, because people who are unethical or dishonest will be thrown out of the system and nobody will trust them any more. This may be true on a personal level. If someone cheats on you, you will not do business with him any more. But for companies, that is certainly not the case. Companies can be dishonest, they can lie, while day after day people still do business with them.

Why? Because they are so powerful that they can make propaganda and advertising which will succeed in convincing you that even if they have cheated someone else, they will not cheat you. They will use propaganda. The banking lobby in Europe is known to spend more than $500 million a year on "information," as they say, and propaganda. Thus, companies can do propaganda in order to keep a good image, even though they are unethical and dishonest. And if they are really too dishonest, they change a few people, and they say, "Oh, now we have gotten rid of the culprits," and we are totally, totally clean and ethical again.

Anyway, even if we want to work with markets, one should realize that markets are fundamentally harmed by "market power," by opacity and manipulation. And very regularly, since the 15th Century, we have seen that markets, and especially financial markets, are driven by a euphoria which another economist has called "the madness of crowds." Financial markets unfortunately tend to encourage that.

In the 1990s, all of this very much increased, and the financial incentives, including the bonuses that were being paid in the financial sector, increased. The fight against bonuses paid in the financial sector is certainly not a matter of criticizing people who earn too much money, or of being jealous of people who earn more money; the problem of these bonuses is that they kill any sense of ethics which people would personally have.

Many people working in the financial service are, in themselves, fundamentally not dishonest people. Most of them have a personal sense of ethics and are personally decent people. They are being paid bonuses at the kind of level that you can read and hear about, to induce them to do things without asking themselves whether it is ethical. It is a kind of bribe to get them to apply the rules by which the system works.

Metamorphosis: Now a Vampire

Since 2007-08, the system has gone from being a parasite to being a vampire, and the financial sector is now sucking the blood of the economy. In 2005, the share of the financial sector in the GNP, in the United States at least—it is more or less the same in England, and a little bit less in continental Europe—went up to 15%, and is probably even higher today. And the share of the financial sector in corporate profits shot up to 25%.

EIRNS/Claudio Celani

"My name is Count Greenspan."

With all of that said, the service provided by finance to the rest of the economy is not improving, rather the contrary: Volatility is increasing; prices are totally opaque, manipulated; there is insider trading everywhere, and therefore trust in the system is decreasing rather than increasing.

A very important lesson of the last years is that "market discipline" does not work. It was thought that so-called "market discipline" would make sure that people could not borrow too much, for their own good; that banks would be run well, because banks that were badly managed would disappear. Well, quite obviously, for public finances and for banks at least, market discipline does not work. The fact that Greece was able to borrow as much as it did, is a good example.

For those of you who are familiar with the rating agencies, in which many people believe: 18 months ago, the situation in Greece was pretty much as it is today, macro-economically, but Greece enjoyed a double-A rating. That means a rating just below the best possible rating. So, 18 months ago, Greece was considered by the rating agencies an excellent borrower. So it could borrow, and of course, it could borrow too much. Market discipline does not work, certainly not when it is adorned with such things as rating agencies.

The systemic risk has greatly increased, and also the so-called moral hazard, such that if you do anything wrong, you don't have to worry; if you are in a financial company, the state will come and save you. It is quite obvious now that the bonuses are deleting any ethical constraint.

Size has become an objective in itself, and it is surprising to see how many people are convinced that the bigger the bank, the better, even if there is no evidence of any economies of scale for banks. In many other companies there is no evidence either that bigger companies are better. But there is one field in which size seems to bring profitability: investment banking. In all financial-market-related activities, larger size seems to bring profitability.

When you take a closer look, you realize that this profitability does not come from "efficiency," as the economic theory would tell us, but rather from market abuse. Quite obviously, in investment banking and market-related activity, market abuse is very easy. In the so-called over-the-counter (OTC) markets—i.e., the unofficial markets where derivatives are traded—there is a total lack of clarity of prices. Thus the famous transparency which Adam Smith claimed as needed in markets is totally absent.

In the securities market, there is an enormous concentration of power. A few firms control the totality of the markets. And they are doing that through the rating agencies and through the financial analysts who advise stock investors. So, instead of having a market with a multitude of decision-makers, which, according to the market efficiency theory, are supposed to bring about good decisions, the markets are so concentrated that they are really a caricature of themselves.

Mergers and acquisitions (M&As) have also become an end in themselves, because they are very profitable activities for investment banks. You may be following from time to time the listing of a company on the stock exchange, what is called an Initial Public Offering (IPO), when for instance, a company like Google or Facebook, which are privately held companies, goes on the market; well, banks accompany this process of distributing the shares on the market.

The way these shares are distributed amounts to outright corruption. This has been documented; it was proven in 2001-02 at the end of the Internet bubble. However, these corrupt practices are still in place today, even though everybody knows about their nature. Such corrupt practices serve, of course, the large investment banks, the Goldman Sachses and Morgan Stanleys of

EIRNS/Alan Yue

The bank bailouts have made things worse! Shown are bailout sponsors and architects (from left) Rep. Barney Frank (D-Mass.), former Sen. Chris Dodd (D-Conn.), and G.W. Bush's Treasury Secretary, Hank Paulson.

this world, helping them to keep a tight network of what we would call the oligarchy. They are held together by these investment banks, which bribe them, among other ways, through hidden commissions and IPO allotments; they are bribing them to keep their business.

The financial crisis so far has made things worse. Quite obviously, governments felt they had to intervene to prevent banks from going bankrupt, and to prevent depositors such as you and I from losing all the money we had entrusted to banks. But banks have been saved to such an extent, and without sanctions being taken, that, in fact, impunity has increased as well. There even was a reward for failure in many cases! Bank bosses who obviously had mismanaged their banks were fired; they lost their jobs and yet received tens of millions of dollars in bonuses—what are called "golden parachutes"—for their good services.

Some banks disappeared, others were merged, thus, in the end, there is even more concentration. Regulation has not improved and it has even been weakened to some extent. Public finances are also weaker; governments have gone even more into debt in order to save their banks, and, in fact, banks have become again very profitable. They have received permission to hide their "toxic assets." Many banks do not report their losses on these toxic assets and do report large profits, to be able to pay large bonuses and large dividends. On top of that, they appear to be more professionally run than those politicians whose states are now financially weakened.

Moreover, we are consistently reminded that we have to follow a model of growth by consumption. Anything that a government might do to reduce consumption will immediately be criticized because it will reduce growth, as if consumption were the only means to promote and have a growing economy! And if you need consumption to keep a growing economy, then the banks appear necessary because they finance consumption.

The great risk at the moment is that, if the system does not collapse—and there is a chance that it would not collapse—if the system does not collapse, it is large companies that are going to take control. And particularly the large banks. Politicians are unfortunately not very credible and do not appear very legitimate; and bankers, with the enormous financial means they control, can use their propaganda to appear to be, in fact, the natural leaders of the economy. I mean the bankers and other members of this oligarchy.

Stop the Madness!

Would it be possible to stop the financial madness? I think it can be stopped. And therefore, I would strongly plead for a complete and thorough return to a Glass-Steagall system, which is not only a separation between commercial banking and investment banking. Let us remember that it was only in 1999 that the Glass-Steagall Act was repealed. Before that, it still existed, but the financial madness had already started to a large extent.

Among other reasons is the fact that already in the 1960s and 1970s, the Glass-Steagall Act had been considerably weakened. Thus, what we need is really a return to the financial system that existed in many countries before the 1980s, and that also existed in the United States since the 1930s.

It was a system in which financial intermediaries had to keep to a specific function. Deposit banks are deposit banks. They take deposits; they provide credit and have to limit their risks. They should not speculate

in any way. Investment banks have to be separated not only from commercial banks, but also from brokering activities. If you advise issuers of securities, you should not also advise investors in securities. And also the transactions should go into central clearing systems, and certainly, the derivatives should become fully transparent, and the price should be fully transparent.

The role of rating agencies should be totally limited. It is abnormal that central banks decide whether to accept some assets or securities as collateral based on the rating that is published by three private companies. That is totally insane! Central banks have to make their own judgments; regulators have to make their own judgments. Bonuses should at least be taxed and limited.

In order to do all of that, I think one very important element, is that we need stronger regulation, but we also need a stronger public sector. One of the great problems that is obvious during this great crisis, is that the public sector is not enough of an alternative.

In Germany, the public banks are sometimes the worst managers and the biggest speculators in some of those toxic securities. Merely having public banks is not the answer. We need to have well-managed public banks. I think we need a well-managed public sector. If so many companies have been privatized, it is often because, being in the public sector, they were not really well managed. They hadn't even an objective or a mission. So, we need to have a profound reflection and analysis about what we want to have as public management of the sector. We also need to have good regulators.

If we want to have good regulators, we want to have civil servants of a high caliber. Therefore, we absolutely need to invest in good governance and management of the public sector and regulators, and then we will be able to offer not only more regulation for the markets, but also an alternative to the private-sector companies that do not perform well. As in the United States, we want to have a public option for health care, but it needs to be legitimate and credible.

Those were my remarks and recommendations. You can find some of this in a paper with Nastassia Leszczynska, "Does Size in Banking Bring Economic Efficiency, or Merely Market Abuse?" which you can access via my website: http://www.dekeuleneer.com/

Thank you, very much.

Christen Sørensen

Reregulation of the Financial Sector

Professor Sørensen addressed the conference on July 2; the full title of his speech was "Lessons to Be Learned from the Financial Crisis: Undoing the Deregulation of the Financial Sector. Suggestions for the New Set-Up." He is a professor of economics at the University of Southern Denmark, and a former chairman of the Economic Council of Denmark. His CV is at http://www.sam.sdu.dk/~chr/chr_cv.htm. Several times, Prof. Sørensen addressed the previous speaker, Eric De Keuleneer, whose remarks are published in this issue—ed.

I will mostly review the "Angelides Report," which is also called the "Financial Crisis Inquiry Report." It was a U.S. Congressional report made by ten members—six Democrats and four Republicans. It has more than 600 pages, and more than 6,000 footnotes.

It contains a lot of information which I think is very good to have in mind when we are discussing "What next?" I have, in fact, written 60 pages about it, so, at least myself, I will claim that I know quite a lot about it. The report is a little special, because it is mostly based on interviews, and not as much on statistical data analysis, as one would maybe suppose, and it's also very important to notice that it only described how the crisis developed. There are no exact suggestions about what you should do next. But, of course, if you read the report, it's very difficult not to get some impression about what to do, and that's good.

My analysis of this report, I think it's fair to say, is from a traditional point of view of an economist, even though I have a critical view of the financial sector, I will say, as we have already heard, I think you can learn a lot from this report. One of the things is that you should always pursue a decent public policy, and you cannot get public services unless you are ready to pay for them, and I think that is very important. That is the reality in the U.S., and it has especially been a reality in Greece, but I'll not give a hint about this now, because I will specialize on this Angelides Report.

And furthermore, I will only take two things up, especially the failures, in fact, of the credit rating agencies, which we have already heard about, and also the failures of the financial supervision institutions.

The Role of the Rating Agencies

I think it's very important to speculate about why there were such big failures. As we have already heard, there are three important credit rating bureaus in the world: Moody's, Standard & Poor's, and Fitch; and in the Angelides Report, Moody's has been chosen to represent them, but they claim that it is also a representative for the two others, and I will quote from what they found about the work of the credit rating bureau:

> **We conclude the failures of credit rating agencies were essential cogs in the wheel of financial destruction.** The three credit rating agencies were key enablers of the financial meltdown. The mortgage-related securities at the heart of the crisis could not have been marketed and sold without their seal of approval. Investors relied on them, often blindly. In some cases, they were obligated to use them, or regulatory capital standards were hinged on them. *This crisis could not have happened without the rating agencies.* Their ratings helped the market soar and their downgrades through 2007 and 2008 wreaked havoc across markets and firms [page xxv; boldface in original, italic emphasis added].

That's what they conclude in the Angelides Report.

With the approval of the credit rating agencies, a huge amount of toxic papers, securities, were put into circulation. They were mostly based on subprime mortgages, or All-A mortgages. They collected a lot of them

in various entities. Typically, from every entity, about 20 different residential mortgage-based securities were put on the market. If you had Priority 1, you had first priority to get your money, and only if number 1 got their money, would number 2 receive money, etc. What Moody's and the others did, was, even though these were subprime mortgages, they could, by this process, turn it around so that 80% of the denominations got a triple-A rating from the bureaus.

How did they do that insane thing? They did it using very complicated models, and those who should supervise those models, didn't understand them. In Denmark, we already know that people don't like to say, "I don't understand." We know from Hans Christian Andersen's "The Emperor's New Clothes," that it was a child who said, "He has no clothes on."

And the way they did it, was essentially based on two very important—and wrong—assumptions. On the basis of these assumptions, they simulated a number of scenarios. On average, in those scenarios, they assumed that housing prices would increase by 4% a year, and this was the first very essential assumption. The second very essential assumption was that they said that if the price of one house goes down, it would not have serious implications for the others. But if the housing market goes down, it is not only one person who would be hit, but nearly all. To make recommendations on the basis of such misconceived assumptions, I would nearly say, seems like a criminal act.

And, therefore, in my opinion, I think it can be very essential to introduce Glass-Steagall; but we also need to take a much broader view of what went wrong, and therefore, I think the Angelides Report is very important.

Until recently, as we already heard, credit rating bureaus were not listed companies. In fact, that happened in 2000 for Moody's, and after 2000, Moody's completely changed its behavior. I again quote from the Angelides Report:

> Many former employees said that after the public listing [of Moody's], the company culture changed—it went 'from [a culture] resembling a university academic department to one which values revenues at all costs'.... The former managing director Jerome Fons, who was responsible for assembling an internal history of Moody's, agreed: 'The main problem was ... that the firm became so focused, particularly the structured area, on revenues, on market share, ... that they willingly looked the other way, traded the firm's reputation for short-term profits'" [page 207].

And it is further elaborated by people from Moody's in the report, and I will quote one more, because I think that is very interesting, from [Andrew] Kimball, who was the chief credit officer at Moody's:

> Ideally, competition would be primarily on the basis of ratings quality, with a second component of price and a third component of service.
>
> Unfortunately, of the three competitive factors, rating quality is proving the least powerful, given the long tail in measuring performance.... The real problem is not that the market does underweights [sic] ratings quality, but rather that, in some sectors, it actually penalizes quality by awarding rating mandates based on the lowest credit enhancement needed for the highest rating. Unchecked, competition on this basis can place the entire financial system at risk. It turns out that ratings quality has surprisingly few friends: issuers want high ratings; investors don't want rating downgrades; and bankers game the rating agencies for a few extra basis points on execution [page 210-211, Kimball memorandum from October 2007].

And that is, we have to learn a lesson from this, because the problem was that they became a listed company, and if they are depending on profit, and if your business depends on you giving good ratings, then we knew that you had moral hazard.

In economics, we also have another expression for this. It's "Gresham's Law," because Gresham expressed that bad things eliminate good things. Gresham's Law was coined to describe a phenomenon from bimetallism, where money circulation was based on both silver and gold. Many years ago, Gresham in London taught that lesson—and that is a very basic thing you have to notice—that bad things can eliminate good things.

And therefore, I think that it's very essential to change—to maybe put the rating agencies under the supervision, or direct authority of the central banks, because it is the central banks which have to clean up the mess afterwards. So there should be a very strong reaction against that, and I think the Angelides Report tells that very clearly. So I think that what I say here is more

or less in accordance with your presentation, at least that's my interpretation.

'The Sentries Were Not at Their Posts'

The second thing is, why did the regulators also make very big mistakes? I will again quote from the Angelides Report:

> **We conclude widespread failures in financial regulation and supervision proved devastating to the stability of the nation's financial markets.** The sentries were not at their posts, in no small part due to the widely accepted faith in the self-correcting nature of the markets and the ability of financial institutions to effectively police themselves. More than 30 years of deregulation and reliance on self-regulation by financial institutions, championed by former Federal Reserve chairman Alan Greenspan and others, supported by successive administrations and Congress, and actively pushed by the powerful financial industry at every turn, had stripped away key safeguards, which could have helped avoid catastrophe. This approach had opened up gaps in oversight of critical areas with trillions of dollars at risk, such as the shadow banking system and over-the-counter derivatives markets. In addition, the government permitted financial firms to pick their preferred regulators in what became a race to the weakest supervisor. [Prof. Sørensen added: "Gresham's Law"!]
>
> Yet we do not accept the view that regulators lacked the power to protect the financial system. They had ample power in many arenas and they chose not to use it.... Too often, they lacked the political will—in a political and ideological environment that constrained it—as well as the fortitude to critically challenge the institutions and the entire system they were entrusted to oversee [page xviii; boldface in original].

Those are very tough words I suppose. Here, I think, we can also learn a lesson, and I shall suggest two things.

One of the big failures in the States was that there are so many regulatory entities, that nobody really has the responsibility for doing it well: "It's not my problem. It's the others' problem." And they not only have many regulatory institutions on one level, but they also have institutions on the Federal level, and on the state level.

And they changed the law in such a way that the financial firms could choose their regulator, and, as they have to pay for their regulator, they chose those which offered the lowest cost, and therefore, it's very dangerous to let the financial firms choose their own regulators. They should pay for it by paying into a common fund, and then society should impose regulation on them. That is very, very important.

A third thing is mentioned in the Angelides Report regarding regulators. When you come to a big financial firm which makes a lot of money, and the CEO makes as much money as you never can dream about making during your whole life, you are maybe very impressed by them. People are normally. Then [the Report] suggests that you should not take that attitude. Be more trusting in yourself. Don't suppress your duty to criticize. I think that that is also very important for regulators.

I have taken up those two points here. I think that the Angelides Report has a lot of sources from which you can learn: how much money they used in lobbying, etc., etc. How silly they were. It's incredible! What great bonuses they awarded to themselves. You get nearly sick reading it.

So I will stop my presentation here; we are a little behind. But I think that you can learn a lot from the Angelides Report about how the road to the financial crisis was paved. And the problem is, as the former speaker also stressed, how little has been done afterwards; how little restriction there has been put on the financial sector, since the biggest crisis, at least since the 1930s, and maybe even before!

So that is really astonishing—that nothing more has been done, and, in fact, we have a bigger task to accomplish, because, due to the financial crisis, the biggest firms are growing ever bigger, because there was a risk that some of them would go bust, so they were bought up by others. Maybe they were forced into it. At least two of the investment banks have been bought by the commercial banks. One went bust—that was Lehman Brothers. That is another question. But I think that we have a very big task there.

And in my own country, Denmark, I have asked for a financial commission to investigate what happened. It is quite amazing that we don't even dare to investigate what happened in Denmark! Could we not learn anything about it? Our political leaders apparently seem to think not. That is rather astonishing, after such a big failure!

Thank you.

Eric Verhaeghe

A Glass Steagall Act For France

Eric Verhaeghe is an economist and former president of the Association of the Employment of Cadre in France. He spoke at the Schiller Institute Conference on July 3.

EIRNS/Julien Lemaître

Eric Verhaeghe: France's shift to a privatized banking system was a political choice, an oligarchic decision. That system is in crisis, and should be replaced with a Glass-Steagall standard.

I want to speak this morning about France's banking system and financial crisis, as an example of the need for a Glass-Steagall act in France.

First I want to make clear that I don't want to do an economic analysis, but a political analysis, because I think that the Glass-Steagall act in France and in the world, is a political problem, a matter of political choice, not of an economic system or process.

I want to take up two points this morning.

You see here a chart (**Figure 1**) of the ranking of world banks. Usually what we read in the newspapers is their ranking by market capitalization—i.e., the amount of stocks they have. Underlined in red, we have four Chinese banks, and in green, four U.S. banks. In the list of the ten biggest banks by market capitalization in the world, we have four Chinese and four American banks, so usually we consider that the world banking system is controlled by the U.S. and China, and we have this feeling that the most powerful banking systems in the world are China's and the U.S.'s. China's system is new; they want to have a powerful banking system.

But if we change the ranking technique, and use ranking by assets—i.e., the economic holdings of banks (**Figure 2**)—we see that China's banks are less powerful, and that the first American bank, by assets, in the world, Bank of America, is only the sixth bank on this list. The most powerful banks by assets are underlined in blue: BNP Paribas, whose assets are $3.3 trillion; after that you have Royal Bank of Scotland (U.K.), with almost $3 trillion in assets. The third bank is HSBC Holdings (U.K.), the fourth, Crédit Agricole (France), the fifth, Barclay's bank (U.K.).

You see that among the 21 top banks in the world, you have four British and four French banks. What I want to show with this chart is that we have the illusion

FIGURE 1

France Financial Background: Ranking by Market Capitlization

Rang	Banques	Capitalisation au 16/07/11	Evolution depuis le 10/07/10	Pays
1	ICBC	237.63	-5.88%	Chine
2	China Construction Bank	214.26	+20.21%	Chine
3	HSBC	205.74	+14.03%	Royaume-Uni
4	JP Morgan Chase	187.46	+23.87%	USA
5	Wells Fargo	174.78	+26.40%	USA
6	Bank of America	149.66	+19.44%	USA
7	Citigroup	142.39	+57.19%	USA
8	Bank of China	140.50	-2.33%	Chine
9	Agricultural Bank of China	133.49	/	Chine
10	Banco Santander	105.67	-5.14%	Espagne
11	BNP Paribas	95.95	+19.80%	France
12	Itau Unibanco	93.59	+16.21%	Brésil
13	Goldman Sachs	91.21	+13.21%	USA
14	Commonwealth Bank A	83.78	+20.21%	Canada
15	Royal Bank of Scotland	83.24	+188.22%	Royaume-Uni
16	Royal Bank of Canada	81.34	+13.39%	Canada
17	Mitsubishi UFJ	80.26	+12.34%	Japon
18	UBS	75.10	+66.15%	Suisse
19	Sberbank	74.52	+30.73%	Russie
20	Lloyds Banking	73.75	+47.02%	Royaume-Uni

FIGURE 2
France Financial Background: Ranking by Assets

1	BNP	France	2,964	12/31/09
2	Royal Bank of Scotland	United Kingdom	2,747	12/31/09
3	HSBC Holdings	United Kingdom	2,364	12/31/09
4	Crédit Agricole	France	2,243	12/31/09
5	Barclays	United Kingdom	2,233	12/31/09
6	Bank of America	United States	2,223	12/31/09
7	Mitsubishi UFJ Financial	Japan	2,196	3/31/10
8	Deutsche Bank	Germany	2,162	12/31/09
9	JPMorgan Chase	United States	2,032	12/31/09
10	Citigroup	United States	1,857	12/31/09
11	ICBC	China	1,726*	12/31/09
12	ING Group	Netherlands	1,676	12/31/09
13	Lloyds Banking Group	United Kingdom	1,664	12/31/09
14	Mizuho Financial	Japan	1,637	3/31/10
15	Banco Santander	Spain	1,600	12/31/09
16	Groupe BPCE	France	1,482	12/31/09
17	Societe Generale	France	1,475	12/31/09
18	China Construction	China	1,409*	12/31/09
19	UniCredit	Italy	1,338	12/31/09
20	Agricultural Bank	China	1,301**	12/31/09

that today's financial system is held by China and the U.S., but indeed European banks, French and U.K. banks, are the most powerful in the world. And the reality of the financial system today is that it is held by European banks and finance.

A survey of those figures: Today the total assets of French banks is about $8 trillion; the British banks' assets are about $9 trillion; and the U.S. banks' assets, $6 trillion.

So we see that France and the U.K. have developed a very powerful financial industry, and that this world-size financial industry is the result of a political program which goes back the '80s. Today, we don't have really an international competition between the European financial system, which is very powerful, and the other systems, because European finance has a total amount of assets which is very, very, very important.

On this chart (**Figure 3**), I attempt a comparison of our "too big to fail" banks and the size of the assets of the country. We see that BNP Paribas's balance sheet is equal to $3.3 trillion, and the French GDP is equal to $2.260 trillion. So the size of the balance sheet of BNP Paribas is bigger than the size of the assets of the French Domestic Product. Same thing if you take this figure: U.K. plus French total banking assets are larger than the U.S. GDP. In other words, the size of the French and British banks is more important today, than the annual wealth produced in the United States, and you cannot understand today the power of the financial industry if you don't remember the importance of the balance sheets of the banks. Today, they are more important than the yearly national production of each country, even that of the United States.

This short survey raises a few questions and I want just to deal with two of them, because I have to be concise. First, it is important to understand by what historical process France and the United Kingdom developed this world-size financial industry, without true competition today.

The second question is, what is the role of the financial elite, the financial oligarchy, the financial power, in each country, in this revolution, in the birth of this financial power?

I won't have time to deal today with the important problem of the banking system and the public debt, but if we had time, we would see that public debt is the

FIGURE 3
Comparison: Too Big to Fail

Bank balance sheet	Gross Domestic Product
• BNP Paribas: about 3.000 Bil$	• France: about 2.600 Bil $
• Crédit Agricole: 2.250 Bil$	• European Union: about 16.000 Bil $
• BPCE: 1.500 Bil$	• USA: about 14.500 Bil $
• Société Générale: 1.500 Bil$	• China: about 5.500 Bil $
• Bank of America: 2.250 Bil$	• **UK + France banks = US. GDP**

result, a natural consequence, of the development of the world financial industry. And we won't deal either with the link between public investment and the banking system. We will only focus on the historical process of the buildup of a financial power, and a historical explanation of the role of the elite.

The European Financial 'Industry'

In France, the history of the financial industry is organized around three moments. Just after the Second World War, we lived a period of superiority of the state; every bank in France was nationalized and a property of the French state. In 1966, the French government proceeded to a relative deregulation, and in 1984, under President François Mitterrand, it decided to give birth to a true industry, repealing older nationalization acts and proceeding to total deregulation of the French banking system.

First, the nationalization act of 1945: Why? Two main reasons: First, the government knew that French bankers had collaborated with the German occupation and decided to punish them through nationalization; the second, and true reason, was that the banking system was totally ruined by the crisis before the war, and by the war itself, and French banks were unable to proceed to the necessary reconstruction effort after the war.

So, in 1945, the government of General de Gaulle decided to pass an act of separation of banks according to their business activities: It's the French Glass-Steagall Act of 1945. And it was a good act, because this system allowed true and efficient reconstruction, totally managed by the French state. At this time, the people who decided on the reconstruction, the public effort, and the public investment, were not the bankers; it was a department of the Finance Ministry. It was a very important department, and it was there that everything was decided on the financing of France at this time, and it was very efficient.

In 1966, there was the first deregulation. An act was passed in France that allowed the banks to develop their activities, a first softening of the separation between the types of activities of the banks, and at this time. the law allowed a new development of the private bank system in France.

In 1984, the government passed an act—the minister at this time was Pierre Beregovoy, very well known in France because he committed suicide ten years ago, and it is still a mystery [why]. He decided to repeal the act of separation between investment and commercial banks, our Glass-Steagall Act, and to proceed to total deregulation of the banking system. It was a project of very big financial companies, and the French government decided at this time to create very, very, very, world-size banks and insurance companies, to be a huge competitor in the world markets. It was France's public ambition to have this world-sized financial industry.

At this time, after the adoption of the 1984 act, the French government decided to privatize the financial system, and our public banks. Here you have the list (**Figure 3**): Société Générale in 1986, Banque Nationale de Paris in 1993. It was a period of ten years of privatizations of public banks; and it was at this time that we developed a private banking system in France. Remember that 10 or 20 years ago, French banks were public state banks, and we decided to give those banks to the private sector in order to constitute a world-sized financial system, based on those privatized banks.

The Role of the Elites

How was this possible? It was the role of the elites. I call this the constitution of a financial power, because all those public and political decisions were taken by a French aristocracy. In France we have the tradition of the Nobility of the Robe; this is a nobility of public servants, the tradition of public ser vants who act like nobility; and they decided to privatize the French banking system and to organize a world-sized private industry.

There is a concentration of French nobility, of republican aristocracy, in the General Finance Inspectorate (the FGI), a department of the Finance Ministry—a concentration of public servants who manage the political economy and the private banking system.

I take two examples of those general inspectors, the public servants who decided to privatize the public banks in France, and to build a French world-sized financial industry.

For example, there is **Jean Yves Haberer**. He was born in 1932; he was formerly with the Ecole Nationale d'Administration; he was financial general inspector; and in 1966, he was the advisor to the Finance Minister, who decided on the act of 1966, the first deregulation act in France. It was he who conceived this act, wrote it, and managed it.

In 1978 he was Treasury Director, involved in the construction of the European Monetary System, and in 1982, he was the chairman of BNP, and you see the

bridge between the public servants who decide on French policy on banking questions, and the private banks of which they became chairmen and decided to operate the financial system in France, after having decided its constitution.

Jean Yves Haberer is well-known in France because he was the chairman of the Crédit Lyonnais at the time of the collapse of Crédit Lyonnais, which cost French citizens EU15 billion.

Another example of this French aristocracy which decided to build this private French banking system, is **Michel Pébereau**. He was born in 1942, was associated with ENA, FGI, advisor to the Finance Minister in 1970, and today chairman of BNP Paribas.

I like Michel Pébereau and Haberer, but these two examples show that the financial aristocracy is born from a state aristocracy, and it is the same aristocracy which decided to privatize public banks and who today manage the privatized banks which were previously public. The same people who pass the act are the ones who benefit from the act.

It is very important to have this idea, because we often have this illusion of "too big to fail," that the international banking and financial system is a sort of natural creation, a sort of inescapable product of human society. In reality, this system is the consequence of political choices managed by people who decided to use the general interest and the general policy to have personal benefits, and to defend their conception of the economy and the society.

In conclusion, I want to say that today we have in France a system of "too big to fail" banks, a world-size system, more powerful than the American banking system, comparable rather to the British system. This system was decided upon 30 years ago. At first it was a public system, a state system, and it became a private system by decision and a political choice, which is an oligarchic choice. Today, we must remember that the financial crisis is the crisis of this system of privatization of public interests, and that this choice was imposed by a minority who have benefitted from this system for 30 years.

I wanted to present this to you, because France is an interesting example of financial development, and it will be an interesting area to test the Glass-Steagall act of modern times.

SPEECH BY JACQUES CHEMINADE

French Elections: Challenge for Development Policy Renaissance

Jacques Cheminade, a French Presidential pre-candidate, and leader of the Solidarité & Progrès party, keynoted Panel 3 of the Schiller Institute Conference, on July 3. Conference videos can be found at www.schillerinstitute.org

Good morning to all. Our panel is on "Glass-Steagall and the Industrialization of Africa, a Moral Test for Europe," and we are going to try to answer the question that we all have in our minds, on what could be accomplished by Europe in the present world tragedy....

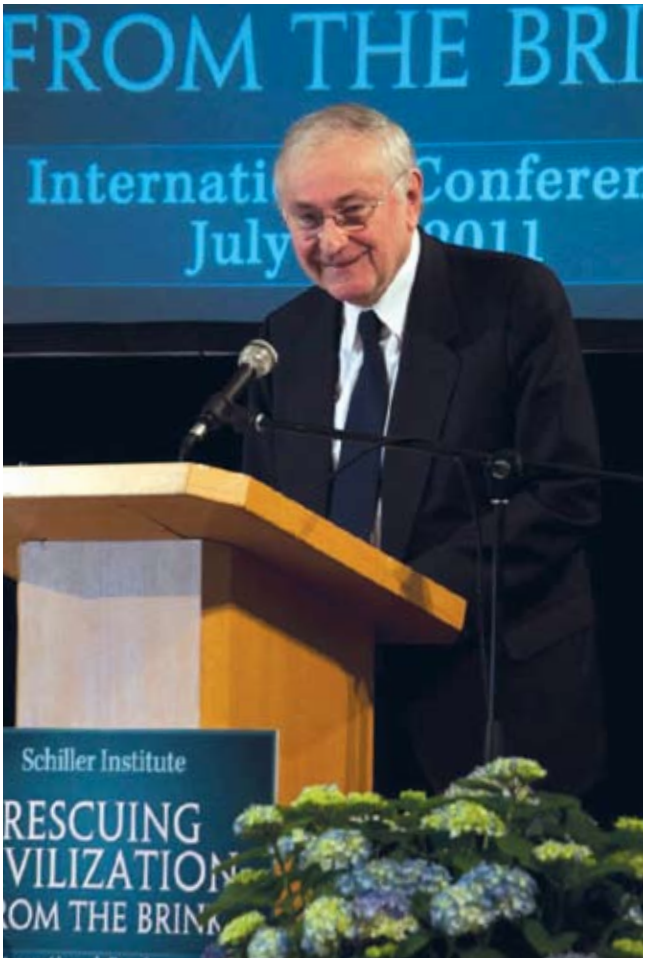
In the middle of the ongoing civilizational catastrophe, the process of a Presidential election in France would be nonsensical, as such. As a moment in the system, it *is* nonsensical, while as a contribution to world history, here, now, it gains a meaning. It becomes an opportunity to contribute to reversing the motion towards a fascist coup which threatens us all, as Lyndon LaRouche stressed yesterday. The question, the existential question, is how, from France, a country dominated by an oligarchical elite, which is the cause of our tragedy, a public-private oligarchical elite, how can we help to get rid of the system of financial globalization?

My answer is, by putting Glass-Steagall and Africa on the table, in the forefront, not as separated issues, but as a weapon, a double-barrel shotgun to break the rules of the game. Glass-Steagall is what the British Empire wants to prevent at any cost from happening in the United States, because it will put an end to the City of London, Wall Street, and the British Empire. At the same time, the British policy, as an empire, has always been to separate the United States from continental Europe, to destroy both from within.

Against its priority—to destroy the United States as a nation-state—my commitment, our commitment, is to respond to the Glass-Steagall drive there, in the United States, with a similar motion in Europe, as an anti-British, transoceanic bridge. The spirit of the League of Armed Neutrality, the support of Russia, France, and Spain for the young American Republic, with a credit-based and national banking system, transferring the fraudulent, speculative debt from the domain of the sovereign states, poisoned today by toxic assets, back into the accounts of the megabanks and the insurance companies: Let the poisoners be poisoned by their own poison!

Africa has been historically the worst victim of the British Empire, with the cooperation of other, junior European empires—Spanish, Portuguese, French, Dutch—which established a rule of slavery up to today, with the slavery of the debt and of imposed, unfair terms of exchange.

So, the key is for Glass-Steagall to open the door for a new worldwide platform of productive development, a platform with new technologies, more productive per



EIRNS/Julien Lemaître

French Presidential candidate Jacques Cheminade addressed the question: "How, from France, a country dominated by an oligarchical elite … can we help to get rid of the system of financial globalization?"

capita and per square kilometer; a more human identity for mankind which should lead necessarily to the rise of Africa as a weapon, pointed at the heart of the oligarchy. A community of purpose of Europe and the United States, to save Africa from the grip of the British Empire, starting from a shared Glass-Steagall principle, will uniquely reestablish our American-European partnership for the good of the other: Africa representing the welfare of humanity as a whole.

In a way, it is to achieve something that a lot of people have not understood, to achieve something today which I am convinced that Franklin Delano Roosevelt and Charles de Gaulle could have achieved, if Roosevelt had not died and de Gaulle been kicked out of power by the pro-British, pro-Truman foreign forces within France.

Unpopularity Is a Precondition

Most people see a Presidential election as a sort of beauty contest, an attempt to be elected at a certain point in time, to exert power as a result of a political career rising from the base to the top, starting from some local election, from compromise to compromise, to the top. Elected officials are controlled fools in normal times, because, if they accept that environment, they accept being what the others want them to be. They don't accept the rule of principle.

Now, today, in today's France, in the context of this crisis of civilization, of the horrors that all of you know, the politicians condemn themselves if they do that, to become much worse than just fools: They become traitors to their countries and civilization, because to go along is to accept the rules of the game, the destruction of civilization itself; and that's a rule of the game in an election as it is organized today.

Therefore, when I speak about Glass-Steagall and the development of Africa, what I say is not particularly welcomed. It is not particularly liked by the prevailing principalities and powers in France, who have become the servants of destruction. And it is also, at first, rejected by a majority of a pessimistic public opinion, dominated by fears and prejudices induced by those powers, through their control of images and noises of the media. "Glass-Steagall may be a good choice. But this is incompatible with our principle of universal banking." "You cannot put on the table such a concept, after 30 years of deregulation! It is just impossible." "Africans are not capable of absorbing modern technologies, isn't it obvious? The last 30 years have proved it." "It is dangerous to challenge the megabanks; they are too powerful. You are a utopian." "We have our habits, and the Africans have theirs!"

To be a leader against such flying squadrons of impotent crap, you have to be unpopular with the powers that generate them, and the public opinion that swallows that crap. Unpopularity is therefore a precondition for an honestly helpful Presidential campaign.

Is it so painful to be unpopular? Yes, you would say at first, if you define your identity through pleasure and pain. Not really, if you identify yourself with the service of truth and ideas. Because it makes you feel good when you know that you have put your mission first, your mission to improve, before the pleasure to seduce—and be liked!

And with the rising tide of the mass strike, the indignation of the *Indignados*, the mass-strike ferment in

AU-UN IST/Stuart Price

"Look at the world you are in!" Cheminade challenged: "More than 1 billion human beings are suffering from hunger and about to die!" Do you want to be popular in such a world? Shown: malnourished children, in a camp for internally displaced people, Mogadishu, Somalia, July 15, 2011.

Europe, succeeding and interfacing with the mass-strike ferment in the United States, people are now reacting to something that they don't like: They experience a passion for justice, when faced with our extremely prevailing *in*justice.

My task, as a Presidential candidate, is neither to please them from below, nor to give them orders from above, about what to do, but to provide leadership, to try to move their passions toward the truth; to make them discover in themselves their responsibility for the other.

More than often, you have to kick them gently in the ass; or better, induce them to kick themselves in their own ass! "Hey! Look at the world you are in! More than 1 billion human beings are suffering from hunger and about to die! There is an increase of 50 million of them each year now, and probably much more in the coming years, and the banks are acting as if food were worth currency. Whereas the producers, and you have seen that yesterday, are systematically stifled.

Do you want to make a career in such a world? Do you want your sons to make a career in such a world? Do you want your girls to seduce somebody, making a career in such a world, or be seduced, or be in a seductive career in a world of corpses? And that's the question today.

At that point, if you raise that question, you are not popular, you are not the nice guy around the corner. But, as the disintegration of society proceeds, you are trusted; you start to be trusted precisely because you have helped raise the human quality of discovery, and of reflexive insights, in the mind of people, as a good doctor would do. You may not like that good doctor: He or she tells you the truth about your problem, about your disease, but you trust him because he inspires a cure. He doesn't consider you as a client to seduce, or a number to provide with a formula or a recipe, as most doctors do, unfortunately. But he considers you, this good doctor, as a human being, and a human being, helped to recover his health, grows and eventually multiplies.

So that's my task.

Revive the Principle of the Republic

And to accomplish it, it demands going deep into the history of our nation, to capture the best that it gave to the world, beyond and above the horrible conditions in which France is today! Which means that you have not only to be unpopular with your life, but you have to be also unpopular with the dead: The horrendous shape of our country today, demands even more to be unpopular with the dead!

To revive the principle of the republic against the prevailing oligarchy, you have to annihilate the destruc-

tive legends: Louis XIV, Napoleon, Rousseau, Laplace; to make, so to speak, come back from the dead, Rabelais, Louis XI, the Villons, Cusa, and all the others who inspired France, from Plato to Einstein, to Einstein and his friendship with l'Angevin.

This demands, in turn, an internal fight, a fight inside all of us, to be able to start a dialogue with these shadows, who become alive; to address your contemporaries from the present so as to provoke them to be responsible for the future. And that's a fight in the process of a Presidential election. It means to reestablish a principle of hospitality against chauvinism: The nation as an idea congruent with the dynamics of the universe, not the nation as a given tradition, but the nation as a development, as a response to a challenge of the times.

It is the idea of America, as made by the best of Europe, the commitment of Cusa, which Lyn insisted on yesterday. The republican impulse, freed from the oligarchical principle, freed from the stifling into a *tradition*. When you hear, "respect the tradition," make a fist—an intellectual fist.

It is also what de Gaulle experienced when France was occupied as a territory in May-June 1940, and its population had fallen into the most disgusting fear and cowardice. What was left? The principle of a nation: Its legitimacy as an idea, against the state of mind of its own people, and also against the legal, perfectly legal vote, of the French National Assembly of the Third Republic, to give full powers to the Franco-fascist Pétain. The famous statement, from de Gaulle, *"Toute ma vie, je me suis fait une certaine idèe de la France: Le sentiment m'inspire, aussi bien que la raison."* "All my life I conceived a certain idea of France: Both sentiment as well as reason has inspired me."

Library of Congress

"When you hear, 'respect the tradition,' make a fist—an intellectual fist," as de Gaulle did, Cheminade advised, when France was occupied by the Nazis, in May-June 1940, and its population had fallen into fear and cowardice. "What was left? The principle of a nation." Shown: De Gaulle, leader of the Free French, welcomed to Chad by Gov.-Gen. Eboue, the first African leader to rally to the Free French cause.

Where did de Gaulle get the resources for such a legitimacy? In the genius of France, in the historical genius of a nation, but not as a fixed collection of things, or a chaotic population, as it was then, and as it is today. On the contrary, as a self-evolving idea, penetrated and changed by foreign currents, the nation, as a reflection of the universe; the nation, not as a thing in itself; the nation, finite at a given moment, but unbounded as a universe; unbounded by the mind of other cultures, the nation is a willful and always perfected human discovery: It's not some thing, some place.

Let's listen to what de Gaulle had to say about that in a speech given for the 60th anniversary of the Alliance Française, the epitome of so-called "French culture." This was in Algiers, on Oct. 30, 1943: "However," he said, "the bright flame of French thought, how could it have risen and maintained its brilliance, if inversely it were not for so many elements contributed to it by the mind of other cultures? France, century by century, and up to the current tragedy, has succeeded maintaining a growing influence of its genius. That would have been impossible, had France lacked the desire, or would not have made the effort of being penetrated by foreign currents. In this matter, autarky would rapidly cause debasement.

"Undoubtedly, in the artistic, scientific, philosophic order, humanity should not be deprived of the driving force of international emulation, and these high values would not subsist inside the tortured psychology of intellectual nationalism. We have, once and for all, come to the conclusion that it's by free spiritual and moral relationships, established between ourselves and others, that our cultural influence can expand to the advantage of all, and conversely, our worth can increase."

This speech, you may have noticed, was delivered in Africa, and in the middle of the storms of World War II. In the middle of such storms, it was from Africa, first, from Sub-Sahelian Africa with the soldiers of Philippe Leclerc—and our dear friend Jean-Gabriel Revault d'Allonnes—and then, from Algiers and Tunisia, that France was recovered.

Remember that the famous Churchill-Roosevelt-de Gaulle meeting of 1942 took place in Casablanca, Morocco, after the disembarkment of the American forces in Morocco. Remember that the liberation army that disembarked in southern France on Aug. 15, 1944, was mainly composed of African native soldiers, not *"français de souche"* [French stock], as they say today.

The tragedy of the 20th Century is that after the liberation of Europe from Nazism, after the death of Franklin Delano Roosevelt, British imperialism struck back from the City [of London] and Wall Street, with Truman in the United States, and the corresponding rottenness of the Fourth Republic in my country, in France. This meant for France, the revival of the delusion of the "French Empire."

The first Indo-China War, starting from the betrayal of the Ho Chi Minh-Leclerc 1946 agreement for progressive independence, and then, a state of horrendous and criminal colonial wars that were only brought to an end by Mendès-France in 1954, as for Indo-China; and finally by de Gaulle, in 1962, with the Peace of Evian, concluded with the Liberation Movement of Algeria. And if you want to understand France, even today, you have to understand that these colonial wars took place between 1945 and 1962. And that was the time of my youth and what I have been fighting against.

But this independence of African states, this "Hurricane of Hope," as Kwame Nkrumah put it, became a hoax, under a neocolonial and financial occupation, corrupting the leaders of the African nations, organizing a new form of indirect submission to the imperial order, a more insidious, but more demoralizing and destructive form of oppression, through systematic betrayal from within. The equation of General Janssens, the Belgian commander-in-chief of the Congolese Public Forces, presented on July 5, 1960—"Before Independence equals After Independence, and that's it!"—proved, unfortunately, to be more and more true, in terms of the continuation of oppression.

Africa Is the Litmus Test

So now, in the middle of these days—our days—of tragedy and hope, we have our fight for the Glass-Steagall principle, the crucial point at strategic issue, the key for what de Gaulle called, *le salut*, "salvation": To throw the usurers out of the temple. A Glass-Steagall principle, first in the United States, and then a global Glass-Steagall, based on issuance of productive credit, and not of fake paper based on pounds of human flesh, which is called "monetarism."

This fight we are in, we are *all* involved in, is a question of life and death for humanity, and Eric Verhaeghe is going to tell you, soon, his views on a French Glass-Steagall (see *Feature*). Let me, nonetheless, tell you something crucial: a direct consequence of the question of legitimacy that I mentioned before. Europe, and in particular, France, because of their colonial backgrounds, have a mission to change their traditional policies towards Africa and the Africans. Because it is a change which is consubstantial, of the same substance, with the principle of Glass-Steagall. As we used to say, far away and long ago, Africa is the litmus test for the ability of Europe to join the dynamics of Glass-Steagall on a world-based credit system, with fixed-parity currencies.

The salvation of Africa is consubstantial with the salvation of Europe, and the response of Europe to the Glass-Steagall principle in the United States is, in turn consubstantial with the salvation of the world, of a world which is today, at the brink of self-destruction. Africa is our mission, and our investment there is a debt due to past generations that we have oppressed, to be paid now, for the interest of future generations to come! That's the true sense of a debt.

As my friend Marcello Vichi put it for the Bonifica Lake Chad project (see below), the units of measure of the costs are not in millions or billions of dollars, but in the absence of wars; the millions of human beings saved from the threat of hunger, and benefitting from the means of a life defined by dignity, social peace,

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French President Nicolas Sarkozy and German Chancellor Angela Merkel share an allegiance to the policies of the oligarchy, particularly with respect to the ***non-development of Africa****.*

and a recovered international conscience.

It is nonetheless necessary, I think, to proceed further into the exploration of what Africa means for us Europeans. It is to recover for ourselves, our share of humanity, in acting for the benefit of those we have exploited and outraged in the past. To save Africa and the Africans from a terrible death, through the increase of the physical power to continue to exist, and avoid destruction, is for us the path to recover our *own* principle of humanity, as a relatively immortal species.

The President of my country, Nicolas Sarkozy, has recently declared that the moment has come to forget about the hatred and the grievances, and that the African man, who has been out of universal history, should make his comeback. Such a *criminal idiocy* means to throw a cover over the crimes of imperialism and colonialism, and pretend that we have colonized a space, inhabited by ignorant human beings, who had remained outside of civilization. It would mean to forget the evil behind the principle of slavery.

My answer is: This is not the moment to forget, but to give a higher political content to the legitimate anger, which is something very different. Our participation in great projects, encompassing the common purpose of humanity is our answer to what Sarkozy represents, the voice—and feathers—of the oligarchy.

Marcello Vichi is going to explain, soon after me, his historical fight for the revival of Lake Chad, the Congo-Chad water transfer, crucial for at least 200 million human beings, and for a whole continent. Sometimes, I know—he told me yesterday—he gets a bit discouraged [to Vichi]: What did you say?

Vichi: *Je suis un peu décourager*... (I am a little discouraged...)

Cheminade: He's been repeating the same thing for 30 years! I know people who have been repeating things for many more years, and get all the time more optimistic in the fight!

So, I am convinced, Marcello, that the hour of truth and opportunity is coming, for all fighters like you. And when I presented this project at Niamey, the capital of Niger, I had a flavor of it last December: It will not be simple. It's a road with bumps, and, as they say in Africa, "ostrich holes" in the middle of the road; but the road is there.

Great Projects for the Whole Continent

It is not a thing in itself, this Lake Chad project. It is part of an overall great projects concept that Lyndon LaRouche has been fighting for since many, many years before I met him—37 years ago, Africa-wide and worldwide. And if you have got a doubt, you should re-read his Lagos project: All the main points are there.[1]

We also, in Africa, have our inland sea project for a "Blue Revolution" in Tunisia, an answer to a country and people abandoned today by the European states, which prefer to bomb Libya, rather than to develop the Maghreb. Such a "Blue Revolution," to bring water into the depressions, the chotts of southern Tunisia and Algeria, to create a breadbasket there, is directly related to a project from French officer and topographer François-Elie Roudaire, dating back to 1874[2]—Marcello, 1874, a hundred years before the Bonifica project for Lake Chad! I say that patience in such issues, may be a quality for some time, but when it lasts a century and a half, it becomes an accomplice to murder. They say that patience is sometimes the senility of nations and continents.

We also have the project for a wall of forests to stop the deserts—to plant millions of trees south of the Sahara, across all central Africa, a sort of green trail of about 7,600 km; and the revival of the Jonglei Canal in

1. Lyndon H. LaRouche, Jr., "Stop the Club of Rome Genocide in Africa: A Critique of the Lagos Plan" (1980), a book-length critique of the "Lagos Plan of Action" 'Terra-Forming' the Sahara and Nile (April 28-29, 1980) of the Organization of African Unity.

2. See Yves Paumier, "From Roudaire's Inland Sea Project to the Blue Revolution," *EIR*, Jan. 28, 2011.

The Jonglei Canal project in Sudan was intended to create an agro-industrial renaissance for the region. In 1978, a huge German-built excavating machine, given the name "Sarah," was brought in, which could dig 3 km in 10 days. But, in 1984, construction stopped, when Sudan People's Liberation Army rebels started shooting at Sarah and the canal workers. This is Sarah today.

Sudan, to launch there an agro-industrial project for Eastern Africa and Southwest Asia: The concept is to give food to the hungry, not to export biofuels and ruin the land! For that project, the decision of the Egyptian government dates back to *1959*: It started in 1978, with a magnificent, beautiful excavating machine, which could dig 3 km in 10 days. Its name was Sarah. It was built in Germany, an action by the French company, Grands Travaux de Marseilles, a beautiful example of meaningful cooperation, not the Sarkozy-Merkel type of cooperation.

But everything was stopped in 1984, when the rebels of the Sudan People's Liberation Army started shooting at it. They started shooting at Sarah and people around it; and the British sponsors and the engineers and workers had to flee. What is left of it today is a village called "Canal" in Sudan.

At the extremity of the interrupted canal, a garbage mountain where pigs wallow near children bathing in dirty water, and parts of bulldozers lie here and there, digging equipment rotting and abandoned, with even an Arrow Crane, which dominates the market, with some soldiers on top of it, directing their "handis" to try to reach international networks, maybe to take orders.

I am asking my fellow Frenchmen, who are you to allow such a disgrace to continue? Imagine instead, around a project, soldiers of the Corps of Engineers and workers digging polders, like in the Netherlands—and there is plenty of land around Lake Chad, around the Jonglei Canal, in the depression of the Tunisian and Algerian chotts. There are many, many opportunities for that: digging polders, planting trees, opening means of communication, the famous Transrapid for Africa. Impossible? Impossible? It is *exactly* what was said of China 30 years ago! And now we have the most extensive network of high-speed trains in the world there, in China!

Imagine children going to schools, bilingual schools, with their mother tongue, English, or French, or another language, with schoolbooks corresponding to the history of their respective countries, with the poetry of their own history, and not books dumped from Europe or the United States, inadequate for Africa, or promoting half-crazy (that would be the best), or fully insane pseudo-religious beliefs from evangelical and Wahhabite cults or others.

Imagine the joy of such children visiting true national museums, giving them a living sense of their national identity, of their national history and progress, which is not restricted to the borders of their own country, but which is also Pan-African. From prehistory,

desertek-uk

Instead of agro-industrial development and nuclear power, Africa Desertec, "an insane project to loot the Sun in Africa, against all principles of energy-flux density," plans to create solar collectors on 30,000 sq. km. in the Sahara, to bring Europe 50% of its electricity. Here, a Desertec project in Spain.

when Africa had been the cradle of humanity, contrary to everything that Sarkozy has said, from this moment, where you see the prehistoric tools gathering dust in a few museums, to the present moment of history, with these developments that we are fighting for, and not museums for tourists or curious visitors, but museums as a cultural basis and platform for a national and pan-African development.

Imagine the women—men are too lazy for that sometimes in Africa—imagine a woman, and it's true; it's the children and the women that work the most; imagine the women, as it's starting to happen in villages in Senegal, in the Senegal portion of the forest wall which has started, women provided with land to work in beautiful gardens to produce fruits and vegetables for their families. No more only a dish of rice, but tomatoes, carrots, melons, cabbage—an appropriate diet for all. Imagine fresh and drinkable water; teams of students in medicine and nursing intervening to stop malaria, and eye diseases like onchocerciasis [river blindness]; stopping intestinal diseases, like amoebiasis, which are the main causes of death there. Imagine teams of forestry experts teaching the population how to grow and how to take care of trees; imagine nuclear plants of the fourth generation, high-temperature reactors emerging in the process.

And what do you have instead? The horrors of Desertec, an insane project to loot the Sun in Africa, against all principles of energy-flux density, to create solar collectors on a surface of about 30,000 sq. km. with a planned investment of EU400 billion to bring to Europe 50% of its electricity. The same people who are saying that the Lake Chad project, the Blue Revolution in Egypt, and the forest wall in Tunisia, are too costly, too complicated to achieve, call for Desertec; or railway projects to loot uranium, copper, oil, not to develop the hinterland: the contrary of what you saw yesterday, this joining of the transcontinental railway in the United States, which is what is going to be needed from the north to the south, and the West to the East, in Africa.

Transforming the Mass Strike

To bring that to the attention of our European populations in a moment of mass-strike ferment can open their eyes. We have to bring to the mass-strike ferment as *our* gift, this immediate need for great projects for the good of Africa, and I have put it in the forefront of my Presidential campaign. We are already getting support from mayors whom we have never met before from overseas France, for example from New Caledonia. And my plan is to create a ferment of mayors, to put fire under the pants of our politicians. That's the sense of the campaign, with ideas, and not only with ideas, also with all kinds of matches. A Ring of Fire, from the Pacific to the Atlantic, under the moral asses of those who pretend to ignore, or worse, the situation. One of our mayor friends is here, and he's going to speak on behalf of these other mayors, among his friends, and himself.

But there is something else. It is a question of immigration. Sure, we have to develop Africa, but we have also a mission towards our immigrants. If the principle

of hospitality and common development do not prevail at home, how could it be that we are going to develop Africa? Some people in Germany, and in France—Marine Le Pen [head of the right-wing National Front], claim to "be against immigration but not against immigrants," and to develop Africa to prevent them from coming to Europe. We have to destroy such sophistry.

It is already a fact, a given fact, that in Western Europe, a majority of what's left of the working class is of African origin, and are part of ourselves. There is, nonetheless, a difference, according to the latest research, that the Africans have no portion of Neanderthal in their genes, while we Europeans have a portions of the Neanderthal in our genes—about 4%! This is the idiocy these people talk about, but it's a funny one!

We have to develop Africa, but we have also to have a sense of mission towards our immigrants. They may be of Turkish origin in Germany (they are "Sarrazins"[3]—ahem), or from the Maghreb in France, but they are part of us. We have to open the gates for their intervention in domestic policies where they work; it's labor that defines—and all the Renaissance writers were specific on that issue—it's the participation in labor that defines the nationality. The great mistake of all European "progressives" in the 1960s, is to have failed to connect their social struggles with the ferment of the African independence movements, and therefore, they have failed to inspire a mental decolonization.

Imperialism, the British imperial rule, not only pits its victims against each other, as we said yesterday, but also inside our countries, creates a situation of permanent internecine warfare; and we have to stop it from above through a great project. It is here that the Eurasian Land-Bridge of common development, from the Atlantic to the China Sea, corresponds to the great projects in Africa: It is a "One."

To save ourselves in Africa, we have, obviously, to dump the euro system *now*; and to replace it, not by a retreat to "our stuff," a national monetarism, but by a higher sense of a community of purpose, from the United States to Europe to Africa, as I said before. And that should be the basis for a Franco-German commitment, and an anti-chauvinistic Franco-German commitment, a common commitment with a shared Classical culture, as shown last night [the *Musikabend*]. We need a new Treaty of Westphalia to replace the European Union, and Africa is our test of immortality.

Think of it at the required level: It is said by many Frenchmen, including well-meaning ones whom I met recently, that it is almost impossible to train Africans in modern technologies, in mechanics; and I know that a few Chinese—I'm trying to be polite, saying "a few"—think the same way. If you accept that, you have betrayed humanity. What's the problem? It is the brutalization of the Africans, but also our own self-inflicted brutalization of our creative powers. Of course, if you try to train Africans in a mechanistic way, to apply formulas and issue orders, they would reject that, rightly understanding that you consider them as substitutes for machines.

To teach them, as to teach your own population today, to teach youth, lost in the grip of pleasure and pain, as it was repeated yesterday again, you have to discover inside yourself a spark of mental life, first, in order to provide it to another. There's no spontaneous generation of mental life, through habits or know-how, which doesn't correspond to life. Life, mental life, comes always, and only, from active mental life. And how could we provide it to another if we have not experienced it ourselves? And most places where they teach something today, teach you not be creative, but to apply formulas, instead.

'The Advantage of the Other'

The "advantage of the other," which is the principle of the Treaty of Westphalia [1648], is based on a shared principle of creative discovery. A platform of development means for Africa, and for us, a change in the notion of time and of space, an insight into our humanity as a becoming. Public works, great projects, as against the absolutism of space and time, not only the absolutism of the "monarchs of the economy," as Roosevelt said.

Cheikh Anta Diop, the great African thinker, rejected in the '60s from any position of power by the failure of the progressive forces to provide leadership, had a sense of this notion of continuity through change, and the right for Africa to benefit from all human discovery, not to fall into the trap of "Africanism," the chauvinistic disease in reverse of imperialism; or

3. A play on the word "Saracens," or "Sarrasins" in French, and the name of former Berlin city-state finance minister Thilo Sarrazin (SPD), and former Bundesbank board member, who has become notorious for repeatedly making anti-immigrant, and specifically, anti-Islamic or anti-Arab remarks.

Just as modern technologies and science came from Europe, so also, in Antiquity, did universal knowledge flow from the Valley of Nile to the rest of the world, and, in particular, to Greece, which would serve, then, as a link. Consequently, no thought, no ideology, is, in its essence, foreign to Africa, which was their birthplace. It is therefore with total liberty that Africans can draw from the common intellectual heritage of humanity, letting themselves be guided only by the notions of utility, of efficiency.

—Cheikh Anta Diop, ***Civilization or Barbarism*** *(1981)*

better said, a weapon of imperialism to maintain Africans in a state of willful submission.

Let's hear Cheikh Anta Diop, in *Civilization or Barbarism* [1981]: "One can see, then, how inappropriate it is, fundamentally, the shop-worn notion, that foreign ideologies are imported into Africa: That stems from a complete ignorance of Africa's past. Just as modern technologies and science came from Europe"—and the United States—"so also, in Antiquity, did universal knowledge flow from the Valley of Nile to the rest of the world, and, in particular, to Greece, which would serve, then, as a link. Consequently, no thought, no ideology, is in its essence foreign to Africa, which was their birthplace. It is therefore with total liberty that Africans can draw from the common intellectual heritage of humanity, letting themselves be guided only by the notions of utility, of efficiency."

At the point where we have arrived, I have to raise a last point which even hurts much more than all the rest—Europeans and Africans alike, usually—according to my experience; but is key in the fight against the oligarchical principle inside ourselves: the question of music. I am tempted to say, "It is the music, idiot!" Because, without an insight into the principle—and Lyn is going to talk about that this afternoon—of Classical musical composition—the ambiguity of the conflict between two or more voices, that only can be solved in the human mind—without that, there could not be creative participation in the great projects as an adventure opening new gates of knowledge for us all.

How can you understand the meaning of radiation, sort out that which could be a threat, a mortal threat to life, and that which could be a source of life—how could you do that, if you have not tuned your mind? Glass-Steagall is the way for human development. And the power for human development is based on what Classical art brings, not on the tip of the tongue, but on the top of the mind.

And there we have a key challenge: As the Bushes, and I must add, the Kerrys and others, in the Skull and Bones club, as they have brought the skull of Geronimo to capture magically the power of the wilderness for the oligarchy—and Theodore Roosevelt was the epitome of that—we have adopted, as a social entertainment, a noise which destroys us, a noise some that would claim is African music, but is in fact nothing but an escape from despair, or a propitiation of despair at this point. And viciously bowing before the oligarchy, we have socially adopted it as a way of life: the oligarchical looting of the despair of the looted, as our entertainment.

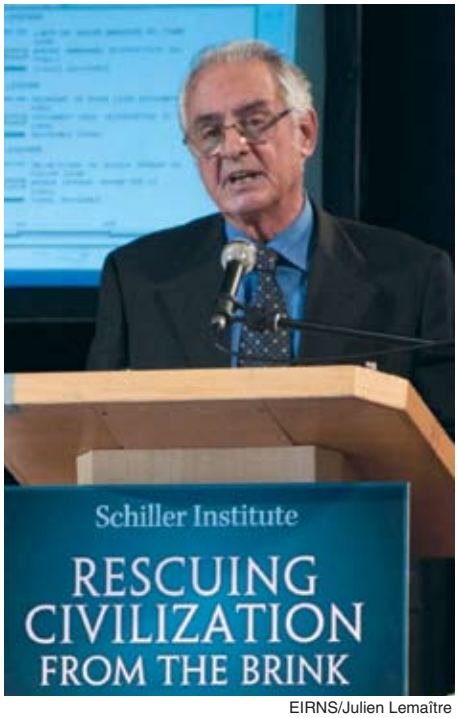
We have to stop that. And that's why culture is going to be the banner of my Presidential campaign, congruent with what was said yesterday, what is going to be said today, and what we are going to repeat tomorrow, and all the tomorrows until we win—and much more *after* we win.

Without that commitment, I would be a corrupt swindler like all the others. To regain the human mind is our strategy, because it is now "change for the good, or Hell." We may die fighting, but we don't want to abandon the principle of thinking, our mission in the universe. We may die, but we don't want to die like the dinosaurs.

Marcello Vichi

Transferring Water from the Congo to Lake Chad: The Transaqua Project

Marcello Vichi is the engineer/architect of the Transaqua Project, and the former director of Bonifica, IRI Group of Italy. He spoke on Panel 4 of the Schiller Institute Conference on July 3.



EIRNS/Julien Lemaître

I want to talk about a story from 30 years ago, that for 30 years has been at a standstill, despite all of the initiatives taken to bring it to fruition.

First of all, I should bring the subject into focus, so you can be aware of the dimensions of the problem.

The idea of transferring water from the Congo River basin to the Lake Chad basin originated with a comparison between the two contiguous catchment basins, and their respective water and climate characteristics. The concept of contiguousness is to be understood with respect to the dimensions of a continent like Africa.

Straddling the equator, starting at about 8° North latitude and down to about 12° South latitude, is the largest African catchment basin, the second-largest in the world, after the Amazon River. This is an imposing natural amphitheater of 3,690,000 square kilometers, 12 times the area of Italy, more than 10 times that of Germany, and almost 90 times the area of Switzerland.

This majestic catchment basin drains 100% of the waters from the two principal countries it includes, the two republics of Congo, and portions of those from the bordering countries: Central African Republic, Cameroon, Angola, Zambia, Tanzania, Burundi, and Rwanda. Its geographic position straddling the equator, and its large territorial dimensions, allow the Congo River to be relatively unaffected by the seasonal variations in its flow. The annual averages at the mouth vary, based on the seasons, from approximately 42,000 to approximately 60,000 cubic meters per second, corresponding to an outflow of between 1,300 and 1,900 billion cubic meters of freshwater that flow annually into the Atlantic Ocean.

At the end of the 1970s, the idea was to divert a suitable portion of these billions of cubic meters towards the Lake Chad basin. Already then, Lake Chad was showing a marked tendency to suffer from the alarming level of drought breaking out in the entire Sahel region, and during the rainy periods, it was unable to recover the dimensions of previous years, due to the diminished contribution of its tributaries, essentially the Chari and Logone rivers. The contributing causes were already clear at that time: decrease in rain; increase in temperatures, and thus, evaporation; and excessive exploitation by the local populations.

It then became clear that subtracting a significant mass of water from the Congo River (then known as the Zaire River) to send it into Lake Chad would be the only opportunity to fight the trend of a drastic reduction of its surface area, that, at the end of the 1970s, had already been cut in half with respect to the previous decade.

Giving a Hand to Nature

To be honest, at the time, it didn't seem to be a great idea, but rather only an obvious one: It was simply a question of giving a hand to nature, which, at a point about 1,000 km away, had created the conditions which, on the one hand, forced millions of farmers and shepherds to revise their own aspirations in life, and on the

other, allowed for one of the greatest dissipations of freshwater in the world.

All that was required was to conduct a preliminary test of the feasibility of the "idea," above all, from a technical standpoint: whether it would be possible to use an artificial canal to intercept the flow of some of the right-side tributaries of the Congo, and using the same canal, to cross the line dividing the Congo and Chad watersheds, in the Central African Republic, and thus bring the water to the top of one of the lake's principal tributaries: either the Bamingui-Chari River or the Logone River.

FIGURE 1
Central Africa

The preliminary study was conducted based on the maps that existed at the time, in a scale of 1:1,000,000 as developed by the U.S. Air Force. For today's youth, this might seem almost unbelievable, but at the end of the '70s, it was not simple to conduct a series of even preliminary studies with a high degree of reliability in the area of the equator and the Sahel. Reliable maps and hydrologic data were scarce; satellites were only beginning to function, but only for military purposes, not civilian ones; cellular telephones were not sold, and field radios were used that had a limited range; nobody even knew what the Internet was.

A great deal of determination and enthusiasm were needed. Above all, we needed the firm and unquestionable conviction that Africa would never be able to take off if it lacked robust infrastructure at the continental level, that could only be created by strong and decisive interventions demanded by African countries, and solidly supported by the Western community. We were a group of experts convinced that no serious African problems could be dealt with through policies involving small and numerous random interventions, which were only useful to maintain subsistence and face emergencies. That wasn't nothing, but in order to develop the continent, it was necessary to "think big," with what I have always called "project megalomania," as opposed to project short-sightedness, indifference, and stinginess, which have always characterized the reception of large-scale international infrastructure projects for Africa.

Overcoming significant practical and political obstacles, and with the support of the Bonifica company, the group leader Italstat [the holding company of the former Italian state conglomerate IRI, Institute for Industrial Reconstruction], as well as robust enthusiasm, we concluded this study by formulating the idea of an artificial canal that would begin in the Kivu region (approximately 2° South latitude) and reach the Congo/Chad watershed line (approximately 8° North latitude) in a region where the upper South basin of the Bamingui-Chari river axis originated, the principal tributary of Lake Chad.

During its course of approximately 2,400 km, moving from south to north along the line of minimum inclination, the canal would intercept all of the tributaries on the right side of the Congo River, at the point of their upper basins, including between the canal itself and the borders of its catchment basin bordering with Burundi, Rwanda, Uganda, and Sudan, i.e., its northeastern segment.

The idea was, and still is, to pour over 3,000 cubic meters per second of freshwater into Lake Chad (equal to about 100 billion cubic meters per year), removing from the Congo River only about 6-8% of its overall flow, but at the same time creating a large artificial canal with a flow one-and-a-half times that of the Nile at Asswan.

In its "fall" towards Lake Chad, this mass of water would be able to generate about 30 billion kWh of electricity per year, 2/3 of which would be produced in Central Africa and 1/3 in Chad. Once the Lake's previous dimensions had been restored (20-25,000 square km surface area), the excess water available would be used for planting approximately 3 million hectares of land, to support the agricultural and zootechnical development of a vast area, in particular, in the territory of Chad, but also in the countries of Nigeria and Cameroon, as well as in Central Africa along the course of the Bamingui. The sum of these cultivable areas can be estimated to include approximately 50,000 square kilometers of territory (equal to about 1/6 of Italy).

Water Transport/Water Power

In addition to transporting this considerable mass of water to Chad, the artificial canal would perform another important, not marginal, function: It would represent a means of water transport for freight, that, as is known, is the most convenient form of transport that exists. This "river highway" of 2,400 km in the heart of Africa would cover approximately 800 km in the territory of the Central African Republic and 1,600 km in the territory of Congo. On the sides of the waterway there would be two service roads for the clearing of the wooded areas and the construction of the canal, as well as for maintenance once it is completed.

Along these roads, going "upstream," and thus from north to south, could be a high-voltage electricity line, supplied in part by the 30 billion kWh produced annually by the "fall" towards Lake Chad of the mass of water directed by the artificial canal. This electricity line could serve all 2,400 km of the canal, along which there could be a series of river landings where the alluvial valleys of the intercepted rivers are located.

The area affected by such an infrastructure project, in terms of agriculture and zootechnical production, can be evaluated at around 100,000 square kilometers, and its basin of socio-economic influence could involve a surface area one-and-a-half times the area of Italy. In fact, a large geographic area, represented by the regions of the Kivu and the Upper Congo in the Democratic Republic of Congo, and the upper Mbomu and upper Kotto, in the Central African Republic, was—and I believe still is—dramatically lacking the most elementary and basic infrastructure, in particular permanent roads worthy of that name.

At the extreme north of the canal, in the territory of the Central African Republic, near the Congo/Chad watershed line, at the level of the upper valley of the Bamingui River, a large artificial lake is planned, where the canal would accumulate its waters to then use them in the first hydroelectric plant of the system, and then release them north of Lake Chad. On the banks of this artificial lake would be an "Inter-African Polyfunctional Exchange Area" (ASPI) in a region crossed by an East-West road corridor connecting the two ocean ports of Mombasa [Kenya] and Lagos [Nigeria], which route already partially existed at the time, and only needed to be completed and adapted to the most important needs of a "coast-to-coast" highway between the shores of the Indian and Atlantic Oceans.

The ASPI, which can be connected with a simple link road to the river port of Bangui [Central African Republic], and through that port, by river to Brazzaville and Kinshasa [Congo], could represent an important industrial area, specializing in the agricultural and food sector that would ensure the processing of agro-zootechnical products coming from the newly upgraded agricultural areas of Congo and Central Africa, and the expansion and development of the mining area of the upper Kotto. The ASPI, which would be positioned at the economic center of the water/road system, would be the first large river port in a strategic position in the African continent that is equipped for the handling of containers, and an industrial transformation center; a trade center for the importation of production equipment and distribution of African agricultural, zootechnical, and agro-industrial products towards other African countries and the ocean ports of Lagos and Mombasa, as well as the Mediterranean ports of Algiers and Tripoli, through the adaptation of the Lagos-Algiers Trans-Saharan Highway, and more recently, through the planned N'Djamena-

Tripoli "desert road."

This grand river-and-land transport network would become indispensable not only for obvious reasons of general development, but also, in particular, for the marketing of African products and their export to foreign markets.

The agro-zootechnical production that would result from this vast irrigation of desert areas, would be so plentiful as to make it not convenient to produce beyond a certain limit, if the production were destined only to the local population and not for sale on other markets. If we add the anticipated agro-industrial production from the activities of the ASPI, it would make no sense to produce all of these agricultural, zootechnical and agro-industrial products without an efficient communications network for their marketing towards other African and extra-African markets. And the creation and optimization of this network should go hand in hand with the beginning of the canal.

FIGURE 2
Trans-Africa Highway Algiers-Lagos

Creative Commons/Rexparry Sydney

'Transaqua': The Idea

All of this was called "Transaqua—An Idea for the Sahel." This simple name contains a synthesis of the two fundamental elements: the saving of Lake Chad through large-scale water transfer, and an international river and land transport network.

Between 1982 and 1985, three documents were published, in three languages, distributed to all of the African countries directly involved in the "idea." These technical-promotional documents, presented under the aegis of "BONIFICA Spa-IRI-ITALSTAT," were also sent to the international cooperation bodies.

At the time, a cost estimate for Transaqua—which was essentially arbitrary, as are all estimates not supported by a feasibility study—indicated an investment of between $30 and 40 billion, an amount that, at the time, was considered too burdensome to be accepted by the numerous, and inevitable, skeptics.

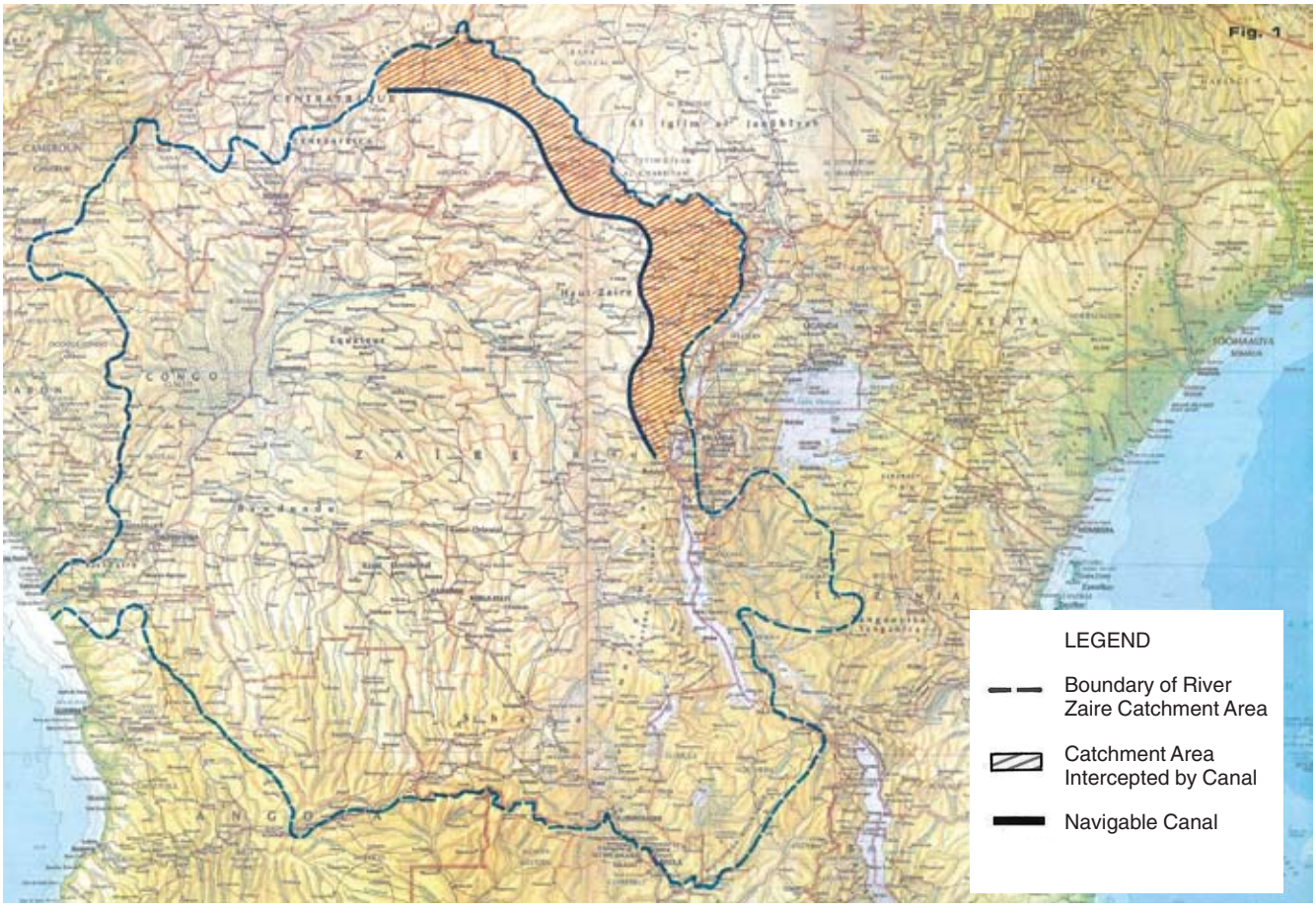
For 30 years, the reactions to the "idea" have not changed, and what could have become the largest work site in the world—if a feasibility study had been positively concluded—with millions and millions of work days, generations of African workers, staff, technicians, and managers, with an economic impact on a third of the African continent, never evolved from its status as a simple "idea," not even to a pre-feasibility study.

The Italian political events of 1993 overwhelmed Bonifica, Italstat and also IRI, which disappeared from the Italian economic scene in a matter of a few months. And the idea … remained an idea!

I never accepted the skepticism which blocked any potential progress on Transaqua, and in 2001, I continued to promote the "idea," attempting to interest the Libyan authorities, who, at that time, were building the largest underground aqueduct in the world, to be used to bring 6 million cubic meters of water a day towards the country's coastal area, to be pumped from the country's Saharan fossil aquifers: the so-called GMR ("Great Man-made River"), that the international press called the "Eighth Wonder of the World."

However, the removal of water from non-renewable fossil aquifers caused some apprehension for the bordering countries. In particular, there was fear that intense pumping from the Kufra, Tazirbu, and Sarir basins, which go from Chad to Egypt and Sudan, could influence the levels of the Egyptian and Sudanese aquifers. In addition, the hydrogeologists did not agree on the estimates of the aquifers and their duration in time, which would determine how much Libya would actually be able to pump from them in the future. Some spoke of 50-100 years, but others suggested it would be much less. In fact, Libya's plans entailed broad use of the water for irrigation as well, in addition to civilian

FIGURE 3
The Transaqua Plan



and industrial uses, with large benefits for the population concentrated on the Mediterranean coast that could not continue to pump water from the coastal aquifers due to their gradual salination.

But, with the lowering of the aquifer, there was also the risk that its saline composition would deteriorate.

With the help of some friends who had good contacts with the Libyan authorities, a potential plan for replenishing the Kufra aquifer was drawn up, starting with a hypothetically replenished Lake Chad in the future. This extension of the Transaqua idea was given the name of "Interafrica," and a technical-promotional document in English and Arabic was delivered to the Libyan authorities. Added interest in the Transaqua idea on Qaddafi's part would have been very useful, given the efficiency and determination demonstrated in very quickly launching the grandiose GMR project: It was designed at the end of the '80s; the first and second phases were inaugurated in 1991; and completion was anticipated for 2007.

The goal was to induce Qaddafi, together with the African countries interested in Transaqua, to promote the establishment of a *bailleurs de fonds* [donors] group that would have been able to begin considering the idea of Transaqua/Interafrica, as an occasion for intervening on the project at the continental level through the creation of consortia of mixed African-European companies, for the execution of the work and its subsequent operation.

In addition, Libya, besides being a partner with particularly abundant financial resources and special sensitivity to the problems of water in the Saharan environment, was an observer country in the CBLT, the Lake Chad Basin Commission, which it fully joined some years later.

But the Libyan initiative also failed to take hold.

'It Costs Too Much'!

For 30 years, I have continued to ask myself why not a single dollar has been spent to verify the feasibil-

ity of Transaqua, which still today is considered a fanciful and colossal idea, and in particular, so costly that it wouldn't even be worth it to verify its credibility. Opinions and financial assessments have been, and still are, thrown out carelessly, as if it were a question of estimating the profitability of an irrigation perimeter of 1,000 hectares. And nobody wants to consider the fact that the Transaqua proposal is proportionate to the enormous unsolved problems of the African continent.

The various international experts who are busy criticizing Transaqua on a financial level, have not, however, worried about verifying the most serious aspect of the proposal, that is, whether it is technically feasible. They criticize the costs of something that doesn't exist, although for 30 years we have been requesting an initial technical pre-feasibility study that, first of all, verifies the project's physical assumptions (levels, geographical route, inclination, dimensions, etc.).

It costs too much! As if there were projects that "cost too much" and projects that "cost little," and not projects that are feasible and convenient, and projects not feasible and not convenient.

Fanciful, it costs too much! A study signed by three international associations of real macro-economists—Oxfam, Saferworld, and International Action Network—included in a recent international report, found that in the last 15 years, in 23 of the more than 50 countries in Africa, $284 billion has been spent in conflicts. That figure of $284 billion only counts structures that have been destroyed, health-care costs, and costs linked to refugees. Then there are the other costs, that are not counted: managing the refugees, difficulties or paralysis of trade, and political instability. So there were approximately $300 billion in "direct costs" among the 23 African countries considered by the study over 15 years: $20 billion per year, from 1990 to 2005.

And this figure does not quantify the "collateral effects" such as the doubling of infant mortality, the increase of undernourishment, the reduction of life expectancy, the significant increase in illiteracy among adults, etc.; all elements that are real, not theoretical, and quantifiable in dollars, provided that socio-economists who consider them have a sufficient level of culture and professional skills. We can be certain that those costs have only increased since 2005.

30 Precious Years Lost

At this point, I would like to make an easy hypothesis. Let's imagine that during the 1980s, all of the aspects of Transaqua had been studied: geopolitics, geography, hydraulics, climate, social and economic aspects, etc., and that it had been found to be feasible. Let's then imagine that, following that determination, it had been possible to somehow divert 10% of those costs to the project, and thus "only" $2 billion per year. After 20 years, today, we would have had a series of massive worksites under full development and expansion at the Inter-African level.

Having said that, I believe that the insistence on promoting Transaqua has actually had an effect: The concept of "water transfer" from the Congo catchment basin to that of the Chad has been adopted, and the study underway on the "Project for water transfer from Oubangui [River] to Lake Chad" demonstrates this. It is a different treatment of the same question, but the approach is the same. We must only hope that the project currently underway is at least sufficient to stop the trend towards the disappearance of the Lake—which is otherwise almost certain; if that trend is stopped, the result would in any event be very positive. This is why I believe that the Oubangui/Chad project is not in contrast with Transaqua, but very probably is complementary. However, once again, a feasibility study for Transaqua would be necessary, which European cooperation programs will be unlikely to finance.

In my view, the reality is that Europe has lost 30 precious years that will be difficult to make up, since the ideological thrust, credibility, and financial means that Europe had a few decades ago are no longer present. Europe seems to be sliding towards a "coming Middle Ages," to paraphrase the title of a book by my friend Roberto Vacca.

Fortunately, however, a new level of credibility seems to be emerging at the international level for certain African countries. Six of the highest levels of economic growth in the last decade took place in African countries, that grew their GDP by an average of between 7 and 10%. I recently visited one of these countries, Mozambique, meeting enthusiastic and motivated youth, who are increasingly involved in the realization of public works and private initiatives throughout the country.

It is this generation of young experts, new entrepreneurs, courageous emerging intellectuals, that I believe Africa must use to offer operational "credibility," and to request financial trust from international organizations, joining together for the realization of large-scale infrastructure projects. International capital could, potentially, decide to invest in new economies that are active and evolving, preferring them to a Europe which is declining, old, and lacking any creative force.

LaRouche Demands Obama End Coverup of Saudi 9/11 Role

by Jeffrey Steinberg

July 17—Lyndon LaRouche today demanded that President Obama live up to at least one of his 2008 campaign promises, and finally declassify the 28 pages of the Joint Congressional Report on the 9/11 attacks, detailing Saudi funding and other support of the plot.

During his Presidential campaign, candidate Obama had promised to make all of the evidence public; and in February 2009, soon after his inauguration, President Obama had specifically pledged to families of the Sept. 11, 2001 attacks that he would release the 28 pages of the Congressional inquiry that detailed the role of Saudi Ambassador to the United States and Bush family intimate Prince Bandar bin Sultan, along with other members of the Saudi royal family, in bankrolling and otherwise supporting the 9/11 hijackers, 15 of whom were identified as Saudi nationals.

On June 24, 2009, Kristen Breitweiser, a 9/11 families activist, whose husband was killed in the World Trade Center attack, told the *New York Times* that she had been personally promised by the President that he would declassify the document.

Obama lied. Not only have two years passed in which he failed to declassify the 28-page chapter of the investigation co-chaired by Sen. Bob Graham (D-Fla.) and Sen. Richard Shelby (R-Ala.). On May 29, 2009, just five days before Obama made his first state visit to Saudi Arabia, then-Solicitor General (now Supreme Court Justice) Elena Kagan filed a brief before the Supreme Court, on behalf of the Obama Administration, urging the court to uphold a 2008 Second Circuit Court of Appeals ruling that families of the 9/11 victims could not sue Saudi government officials or members of the royal family, because they enjoyed sovereign immunity, under a 1976 U.S. Federal statute.

In a statement issued on May 29—the day the Kagan brief was filed with the Supreme Court—the families of the 9/11 victims who had brought the suit against the Saudi regime, issued a blistering press statement condemning President Obama. "In urging the high court not to review lower court decisions dismissing these cases, the Obama Administration took the side of the Saudi princes over thousands of family members and survivors of the 9/11 attacks seeking justice and accountability in U.S. courts," the statement read in part.

On June 3—the day President Obama arrived in Saudi Arabia—the families spoke again, in even stronger language. "The Administration's filing mocks our system of justice and strikes a blow against the public's right to know the facts about who financed and supported the murder of 3,000 innocent people. It undermines our fight against terrorism and suggests a green light to terrorist sympathizers the world over that they can send money to al Qaeda without having to worry that they will be held accountable in the U.S. Courts for the atrocities that result."

The Supreme Court sided with the Obama Administration and upheld the Second Circuit ruling, without

written comment, on June 29, 2009. The Second Circuit had dismissed a lawsuit against five members of the Saudi royal family, including Prince Turki al-Faisal al-Saud, head of Saudi intelligence at the time of the 9/11 attacks, despite exhaustive evidence that the Saudi royals and Saudi intelligence had provided material and logistical support to the 9/11 hijackers.

Infowars.com

Soon after his inauguration, President Obama pledged to the 9/11 families that he would release the suppressed 28 pages of the Congressional report detaling the role of the Saudis in the 9/11 attacks. Obama lied. Here, members of the University of Texas student group, Project for a New American Citizen, remind Obama of his campaign promise.

The 28 Pages

Despite the "top secret" stamp, some of the contents of the 28-page chapter in the Joint Congressional report on the 9/11 attacks have come to light, including the fact that two known Saudi intelligence officers, Osama Basnan and Omar al-Bayoumi, provided financial and logistical support to at least two of the 19 hijackers.

The two hijackers, Nawaf Alhamzi and Khalid Almihdhar, arrived at Los Angeles International Airport around New Year's Day 2000, where they were greeted by al-Bayoumi, provided with cash, and outfitted with an apartment, Social Security ID cards, and other financial assistance. Al-Bayoumi also helped the two men enroll in flight training school in Florida.

Basnan, the other Saudi intelligence officer who worked with al-Bayoumi to set up the two hijackers on their arrival in the United States, had his own checkered past, according to U.S. intelligence. At one point, Basnan was busted for cocaine trafficking, but the charges were dropped after a direct intervention from a still-unnamed official of the Saudi Embassy in Washington.

A subsequent investigation by *Executive Intelligence Review* counterintelligence researchers, among others, confirmed that funds were provided to Basnan and al-Bayoumi directly by then-Saudi Ambassador Prince Bandar, through an account at Riggs National Bank in Washington, D.C. The same account was the conduit for at least $2 billion in bribery payments from the British arms firm BAE Systems, under the "al-Yamamah" oil-for-arms barter deal. Some of the funds to at least two of the 9/11 hijackers were additionally provided by Prince Bandar's wife, Princess Haifa, the sister of former Saudi intelligence chief al-Faisal.

Between April 1998 and May 2002, Prince Bandar and Princess Haifa provided between $51,000 and $73,000 in personal checks and cashiers checks to Basnan and al-Bayoumi.

Al-Bayoumi left the United States shortly before the 9/11 attacks, and showed up in London for a brief period. Within days of the attacks, agents of New Scotland Yard raided al-Bayoumi's Birmingham apartment and found papers hidden beneath the floorboards, with names and phone numbers of officials at the Saudi Embassy in Washington.

On Sept. 8, 2004, Senator Graham gave an interview to *Salon* magazine, in which he discussed his just-released book, *Intelligence Matters: The CIA, the FBI, Saudi Arabia and the Failure of America's War on Terror*. In the interview, he assailed the Bush White House coverup of the Saudi regime's role in 9/11.

Asked specifically about sections of his report that

had been suppressed by President Bush, Graham replied. "In general terms, it included the details of why we [on the committee] had raised suspicion that the Saudi government and various representatives of Saudi interests had supported some of the hijackers—and might have supported all of them. My own personal conclusion was that the evidence of official Saudi support for at least two of the terrorists in San Diego was, as one CIA agent said, incontrovertible. That led us to another question: Why would the Saudis have provided that level of assistance to 2 of the 19 [hijackers] and not the other 17? There wasn't an adequate attempt to answer that question."

Graham complained that, in addition to refusing to allow the public release of the documentation of the al-Bayoumi and Basnan links to the two San Diego 9/11 hijackers, the White House also refused to allow the Congressional investigators to interview an FBI informant in whose home the two hijackers resided when they first arrived in San Diego.

The $2 Billion Question

At least one key feature of the Bush coverup that has been carried forward by President Obama is the pivotal role of Prince Bandar in the 9/11 affair. Had the 28-page suppressed chapter from the Joint Congressional report been released to the public, there is no doubt that Bandar's role would have been subject to thorough scrutiny. And, had the Bandar funding of the West Coast hijackers come to light at that time, the larger question of the Anglo-Saudi al-Yamamah program would have also been impossible to cover up any longer.

While various British media outlets, led by the *Guardian*, exposed the superficial corruption and bribery surrounding the al-Yamamah oil-for-weapons program, no one, other than *EIR*, exposed the ultimate objective of the al-Yamamah project: the creation of a massive offshore slush fund for conducting covert intelligence warfare.

British Author William Simpson, a Royal Military Academy classmate and friend of Prince Bandar, authored a semi-official biography of Bandar in 2006 titled, *The Prince—The Secret Story of the World's Most Intriguing Royal*. The book was, according to a senior U.S. intelligence official, commissioned by Bandar to lobby for a powerful position as national security advisor to the new King of Saudi Arabia, Abdullah. Bandar got the position, but the book provided some very embarrassing details about the Prince's role in the real al-Yamamah program, with dramatic implications for the 9/11 matter at hand.

Simpson wrote, "Although al-Yamamah constitutes a highly unconventional way of doing business, its lucrative spin-offs are the by-products of a wholly political objective: a Saudi political objective and a British political objective. Al-Yamamah is, first and foremost, a political contract. Negotiated at the height of the Cold War, its unique structure has enabled the Saudis to purchase weapons from around the globe to fund the fight against Communism. Al-Yamamah money can be found in the clandestine purchase of Russian ordnance used in the expulsion of Qaddafi's troops from Chad. It can also be traced to arms bought from Egypt and other countries, and sent to the Mujahideen in Afghanistan fighting the Soviet occupying forces."

What Simpson left out of the picture was the 9/11 attacks themselves. Osama bin Laden was a part of the Anglo-Saudi Afghan Mujahideen project funded through al-Yamamah, and eyewitness accounts, detailed in CIA files, indicate that, as late as 1998, al-Qaeda was receiving millions of dollars in cash payments from Saudi fronts of the royal family.

It can fairly be said that the coverup of the 9/11 attacks represents the most egregious government whitewash of a high crime against the American people since the Warren Commission coverup of the assassination of President John F. Kennedy in 1963.

It is this criminal conspiracy that President Obama has endorsed and joined, through his suppression of the critical 28 pages, and his other efforts to suppress the exposure of the Saudi royal family's hand in 9/11—in collusion with their British al-Yamamah partners.

Obama's Crime

"Ten years after the 9/11 attacks," LaRouche emphasized today, "President Obama continues the coverup that was launched by former President George W. Bush at the time of the attacks. We know that President Bush was motivated by the need to cover up the crimes of his father's close friends in the Saudi royal family. I suspect that President Obama is acting under direct orders from London, since any unraveling of the role of Prince Bandar and other Saudi royals in the 9/11 events would blow up the entire 'al-Yamamah' filthy offshore slush fund, that has been financing black intelligence operations and irregular warfare on a global scale since the mid-1980s."

Stop the Threat of Hyperinflation With a Glass-Steagall System

by Helga Zepp-LaRouche

This article was translated from German.

Wiesbaden, July 16—The United States is potentially just days away from state bankruptcy, while the Eurozone faces disintegration: The financial system of the transatlantic sector is hopelessly bankrupt! Federal Reserve Chairman Ben Bernanke, at the recent hearing of the House Financial Services Committee, intimated that since the U.S. has reached its allowable debt limit—and so far Obama and the Republicans have not been able to agree on the issue of raising taxes—he may turn on the money spigots again, i.e., launch the so-called Phase 3 of "quantitative easing" (QE3). Along with the attempt by the EU Commission and the European Central Bank (ECB) to transform the EU completely into a transfer union,[1] this would be the very last phase of the collapse: the hyperinflationary explosion which would trigger a chain-reaction of effects on the economy, politics, and the social sector. Runaway hyperinflation is—as we know from Germany's experience in 1923—the most brutal form of expropriation of the so-called "little people."

Lyndon LaRouche immediately responded to Bernanke's QE3 hint by issuing a video interview, entitled "QE3 and the Fate of Mankind," which is now being widely circulated in political circles in the U.S. and internationally. Hyperinflation is already the buzzword that is making the rounds everywhere now. At the recent hearing of the Senate Banking Committee, several Senators expressed their clear opposition to Bernanke's policy. The *China Daily* warned that the Fed's policy would increase global risks and the inflationary pressure on developing countries. According to recent polls, 86% of Germans think the euro is in danger of inflation, and the entire European elite knows that hyperinflation is the last political resort of the Fed and ECB, and that this means the cold-blooded looting of the population. Only the stock exchanges closed in a "friendly" mood following Bernanke's comments; the gamblers could once again, for a brief moment, indulge in the illusion that the roulette wheel could keep on spinning forever, and that the redistribution from the poor to the rich would continue without end.

The Squeeze on Europe

During the same period, some hedge funds in New York arranged to use the occasion of the public tensions between Italian Prime Minister Silvio Berlusconi and his finance minister, Giulio Tremonti, as a pretext to launch a speculative attack on Italian government bonds and equities. Tremonti, who has long been a thorn in the side of the international financial oligarchy, had received, according to his own statements, a demand "in English" to make huge cuts in the budget. He retaliated immediately, stating: "If I fall, the government falls; if Italy falls, the euro falls." And clearly addressing the German government (Chancellor Merkel had previously demanded that Berlusconi impose harsher austerity), Tremonti added: "It's like on the *Titanic*, where even the first-class passengers could not save themselves."

Among the outrageous things that characterize this final phase of the collapse of the global financial system, is the fact that in the ensuing days, both chambers of the Italian Parliament passed—without any debate!—budget cuts of EU60 billion, which means a huge assault on the living standards of the population and for many people, even a reduction of their lifespan.

The rating agencies' simultaneous downgrading of

1. The term means that the debt of one or more EU members is illegally transfered to one or more others.

Bernanke testifies before the House Budget Committee in February. His latest intimation that he may reopen the money spigots, has made "hyperinflation" a buzzword in Europe.

Greece, Portugal, and Ireland to de facto or actual junk status, further underlines that no matter how much the respective governments turn themselves into enforcers for the financial oligarchy and impose draconian austerity programs on their populations, this does nothing to stop the disintegration of the Eurozone. The states that have swallowed the bitter medicine of the Troika—the IMF, ECB, and EU Commission—and have "saved themselves to death," are more bankrupt than ever before as a result. And their populations are poorer, more desperate, and, under the current EU regime, have no hope for the future. In Greece, Spain, and Portugal, youth unemployment stands at 40%; in Italy, over 30%! These young people have no chance of making it in the euro system!

By exploiting this ever-worsening crisis, in which new speculative attacks are to be expected, including on Spanish and Italian government bonds, as well as possible runs on banks after the recent "stress test," the EU bureaucracy evidently intended to use a virtual surprise attack to push through the political and economic Union of the EU. EU Council President Herman Van Rompuy scheduled a crisis summit for this week, to wrest agreement from Germany that the European Financial Stability Facility will be allowed, among other things, to buy (problematic) state bonds on the open market. This would be another step toward a transfer union, with the German taxpayer as the cash cow.

The Common Good or the Market

The glaring problem is that the German government coalition (like the Social Democratic-Green government coalition before it), is either unable or unwilling to oppose the criminal activities of the financial oligarchy and speculators, to defend the common good, as they actually had pledged to do in their oaths of office. At the hearing before the Constitutional Court in Karlsruhe on the complaints against the bailout policy brought by five professors and parliamentarian Peter Gauweiler, Finance Minister Schäuble repeatedly invoked "the nervous markets," which closely observed this hearing, and claimed to have acted in an "emergency situation," etc., etc.

It is beyond scandalous that in Germany, in the spirit of Nazi crown jurist Carl Schmitt, the argument is being made—of course, without mentioning his name—that real political power derives from the state of emergency, and it is only this that provides the government with authority to act with impunity. And it is equally outrageous that these politicians have obviously not done their homework. Thus, the parliamentary caucuses in the Bundestag have only recently, more than half a year after the publication of the Angelides Report in the United States, discovered the problem of so-called shadow banking.

After the ineffective approach of Basel III (higher capital contributions from the banks for alleged risk insurance) was pushed through the EU, in order to neutralize the ferment that was finally also emerging in Europe for a two-tier banking system, the banks resorted to a simple trick. They simply shifted their high-risk transactions to those "affiliates" that had already played the key role in the crises of 2007 and 2008—external special purpose entities, money market funds, hedge funds, and holding companies. Since these facilities are not classified as banks, they are not subject to the rules of regulatory authorities, and so they can blithely keep right on gambling. In the U.S. alone, the outstanding contracts of these shadow banks are now, at more than $15 trillion, as large as the total debt of the United States. A similar situation exists in Europe.

The political establishment has failed in every respect, with the totally bloated EU bureaucracy, elected by no one, leading the way. The EU construct, from the Maastricht Treaty to the Lisbon Treaty, including the

creation of the euro, is a failed model. Germany and other European nations have every right in the world to withdraw from this monster and to regain their sovereignty over their own economic policy and their currency.

There must be an end, once and for all, to the system of monetarist mega-speculation, which is nothing but robbery of the people's worldly goods, of their life's work, and often even of their lives. If the taxpayers have to pay for this—and not only they, but also those layers of society who pay no taxes, yet suffer much more from the cuts in social services—it just means that the rich are getting richer, then this is a crime against humanity.

Act Now!

Given the impending danger of an uncontrolled chain reaction collapse and devastating hyperinflation, Germany must immediately leave the EU. We must introduce a new D-mark and, on the basis of a two-tier banking system, create a credit system that provides the real economy with the credit needed for productive investments. Any other country that does the same thing, whether Greece, Portugal, Spain, or Italy, will experience an economic recovery within a very short time, which is impossible under the collapsing euro system.

There is no basis for the fear of many people that, in addition to the speculative gains from gambling, many legitimate claims will also be wiped out, such as pensions, savings, or life insurance policies. Areas of any unclarity, such as where pension funds, for example, have been tied up in speculative investments, are frozen pending state examination. All areas of the common good are "marked," and this will also be so in the new two-tier banking system.

But if it comes to hyperinflation—and it will, if we stick with the policy of the Fed and the Troika—then all legitimate claims will soon only be wastepaper, like the Reichsmark notes of our grandparents and great-grandparents, with which they later papered their walls.

In the U.S., a movement for the Glass-Steagall Act is growing on a bipartisan basis in both the House of Representatives and the Senate, as well as in many state legislatures, city councils, and trade unions. Here too, there is only one crucial issue that must be on the agenda: the two-tier banking system!

A Common Mission

Two Sudans Can Become Africa's Breadbasket

by Lawrence K. Freeman

July 17—On July 9, celebrations in Washington, D.C. (which I attended) and Juba formally recognized the existence of the new nation of South Sudan, which also created a new Sudan in the North. The future of both of these nations, and the nations of the the Horn and the Maghreb, will depend on both countries adopting a common mission, moored to serving the shared, vital interests of all Sudanese people.

It is essential that both nations work together. Their future existence depends on producing adequate amounts of food to feed their people, and, as quickly as possible, to export food surpluses to Somalia, Ethiopia, and Kenya, where people are dying from malnutrition. People living in this region must be fed immediately; there is no higher priority. This does not resolve all the difficulties facing Sudan and South Sudan, but it identifies the critical pathway forward—the necessary common mission. Support for this mission will be the litmus test of true friends and allies of the two Sudans.

The lives of an estimated 10-12 million Africans are threatened in the Horn (Eritrea, Djibouti, Ethiopia, and Somalia); and Somalia is approaching conditions of famine. There are 80 million hectares (200 million acres) of arable land in the combined territory of Sudan and South Sudan, which is endowed with many rivers, in addition to the mighty Nile. Studies show that if this land were developed, it could feed a billion or more hungry people—250 times the 40 million people living in the two Sudans.

These facts have been known for decades, but have been ignored by the West, which has been more intent on splitting up Sudan than developing it. Realizing this huge agricultural potential would also provide a solution to the crisis in Darfur. The underlying cause of genocide in Darfur is the lack of food and water, a cause deliberately ignored by Western governments and the so called "pro-Darfur" advocacy groups. Instead, they exploit the deplorable conditions of life in Darfur to foster a regime change in Khartoum, an effort still ongoing today.

Oil Is Not the Answer

People cannot eat oil; nor can they purchase adequate amounts of food from oil revenues, because the world is suffering from an actual food shortage. In addition, studies show that oil reserves are already diminishing.

To produce the tons of food necessary to halt the millions of malnourished "walking dead" in the Horn, and to build the economies of Sudan and South Sudan, it is urgent that the construction of technologically advanced physical infrastructure platforms begin immediately. Lyndon LaRouche, whose ideas are well-known to many Sudanese, has campaigned vigorously across the globe to lift Africa and other underdeveloped areas out of their abject poverty, by having governments use public credit to build "infrastructure platforms" that integrate what are otherwise seen as separate infrastructure projects in water, electrical power, and rail transportation, under one seamless, unified design.[1] This anti-free-trade approach, of directed credit for infrastructure platforms, in opposition to enslaving African nations to the now obviously bankrupt international financial system, must be applied on a regional and transcontinental level.

For the very survival of the Sudanese people, this concept needs to be assimilated by the leaders of both Sudans, and become the vision for the future of their bilateral relations. Some U.S. officials—those who are not part of the insane, liberal anti-Sudan lobby—have at least a dim understanding of the importance of developing the agricultural sector for the future of the two Sudans, but they are locked into foolishly "dangling" future U.S. investment in this vital sector as part of the carrot-and-stick, "pleasure/pain" approach to normalization of relations with Sudan. Rather than enforcing Adam Smith's bestial "pleasure/pain" tactic on Sudan, if the State Department displayed some diplomatic wisdom and concern for the Sudanese people, it would embark on a policy of promoting economic growth now; not only as a gesture of good will, but to help create a propitious environment for future relations.

1. See "Making the Sahara Bloom: The Blue Revolution," edited transcript of a Schiller Institute video, *EIR*, May 20, 2011.

UNAMID/Albert Gonzalez Farran

The question now is: Will the two Sudans be allowed to break free of imperial control, and undertake great infrastructure projects to the benefit of both their nations and people? Shown: Refugees return from camps in Darfur, Sudan, to their village in Sehjanna, South Sudan.

Who Gained from the Break-Up of Africa's Largest Nation?

A Nigerian friend of mine, who knows Sudan well, recently told me that it would have been better to deal with the problems of Sudan as one nation. This is undoubtedly true; however, there is no turning back now. All the fighting, and the violence continuing in Sudan and South Sudan today, are the results of the horrible way Sudan has been torn apart, setting brothers and sisters against each other, ripping Sudanese out of one area to be placed in another, like animals, according to irrational, "zoological" definitions of identity within a false geometry of Northerner versus Southerner.

Separation will be of no benefit to the Sudanese, unless there is an abrupt and radical change in policy. Both Sudans are suffering, and will suffer more, from the consequences of the global financial system entering its terminal phase of destruction—a crucial aspect of current reality that leaders of both nations need to sufficiently absorb for their strategic thinking about the future.

Khartoum has been forced to implement more austerity measures, attempting to manage the global inflationary effects on its economy, and a decrease in revenues, with devaluation of its currency, and a reduction of government subsidies. This is not a durable solution.

South Sudan faces immense challenges, with the government naively hoping for succor from the West. The promise of $300 million in U.S. aid, is a cynical joke, in light of the country's enormous needs: It is now the largest land-locked nation in the world (10,500 sq. km), and one of the poorest on the planet, with 90% of its roughly 8 million people living on $1 a day. The World Food Programme plans to provide food assistance to 1.5 million out of population for 8 million in South Sudan, which also has the highest infant mortality rate in the world—150 per 1,000 births, and 2,054 maternal deaths per 100,000.

Despite fertile land and plentiful water, its agricultural sector is virtually non-existent, resulting in 20% of its population being chronically hungry. Only 20-25% of its people are literate, and only one-third have access to safe drinking water, according to the UN. Infrastructure consists of a mere 35 miles of black-topped roads in Juba. With a huge influx of people entering the new nation, and no way of employing them productively, its food deficit will only increase, adding to the already horrendous food shortage in this region. Sudan and South Sudan need a vision for their future. Without a mission, centered on a brute force implementation of LaRouche's concept of infrastructure platforms, South Sudan's existence will be precarious, and it will be a potential danger to Sudan and other neighboring countries.

The benefactors of the break-up of Sudan are those still adhering to the British imperial policy: dismemberment of nations into several separatist blocs. The creation of several "new Souths" in South Kordofan, in Darfur, in Blue Nile, leading to multiple states in conflict with each other in a Hobbesian "war of each against all," is the intention of an anti-Sudanese imperialist faction. Elements in the Sudan People's Liberation Movement/Army-(SPLM/A) are being played as an active tool in furthering this design. This is a dangerous venture, threatening the very existence of the newborn South Sudan.

Unfortunately, there are still too many in both

Sudans who allow themselves to be manipulated according to profile, contributing to the destruction of their own countries by acting out their "assigned roles" as if reading from the script of a tragic play. For example, did rogue elements in the SPLA, who illegally attacked Sudan forces in Abyei last May, do so as a deliberate provocation, anticipating that Khartoum's armed forces would respond in the way they did, thus providing the U.S. with an excuse to halt progress on normalization?

Let there be no confusion or equivocation on who is responsible for the North versus South antagonisms that first surfaced violently in 1955; before independence in 1956; before the formation of the SPLA in 1983; before Omar al-Bashir became President in 1989; and before Darfur became a cause célèbre in 2003 for regime change: It is British imperial policy, with its hardcore racist, anti-human ideology, which intended the splitting up of Sudan. Who else is responsible for keeping the people of Southern Sudan backward, enforcing the most primitive conditions of existence under colonial rule, as an essential part of their colonial policy? The British forbade social and economic intercourse between the North and South under colonial law. They opposed by threat of criminal prosecution the "co-mingling" of Christianity and Islam.

U.S. Blocking Progress on Normalization

Speaking in Juba at the ceremony celebrating the birth of South Sudan, Sudan President Bashir asked the U.S. and international donors to "fulfill their pledges by lifting sanctions and providing money for development projects for infrastructure." The Vice President of South Sudan, Riak Machar, who also addressed the crowd of tens of thousands in Juba, described Bashir as a "brave man of peace."

Bashir is right in demanding an end to the oppressive sanctions that have been used to strangle Sudan's economy for almost two decades. All Sudanese—every Dafuri, every Southerner, every Dinka and Misseriya in Abyei, and all those living in the North—have suffered greatly from these cruel sanctions. The Obama Administration is still using "pleasure/pain" tactics to dictate policy to Sudan, but with less effectiveness, as skepticism increases in Khartoum, now expecting that the U.S. will use any excuse not to fulfill its promises. The West is losing its leverage on Sudan.

According to recent statements by U.S. Administration officials, the U.S. has halted the process of removing Sudan from the list of state sponsors of terrorism, and lifting sanctions, until Khartoum resolves the conflicts in Abyei and South Kordofan. But can the U.S. be trusted, many ask, not to impose further conditionalities in the future for normalization to proceed, as has been done in the past?

Originally, Bashir was told that he must ensure that there be a peaceful referendum on Jan. 9, 2011, which he did, and that he must ensure a peaceful separation six months later on July 9, at the conclusion of Comprehensive Peace Agreement (CPA), which he did. On both occasions, the President traveled to Juba to guarantee a successful conclusion for South Sudan's independence, for which he was promised that normalization would follow. Have the goal posts been moved again—as they were in 2005, when George W. Bush made similar promises to Khartoum in return for President Bashir signing the CPA (Comprehensive Peace Agreement)? Many in Washington who follow Sudan closely, including some who actively oppose the Khartoum government, know the answer is yes, but they are still going along with battering the government, all to the detriment of the Sudanese people they profess concern for.

Africans are speaking out against the U.S. and European "pleasure/pain" treatment of Sudan. The Intergovernmental Authority on Development (IGAD), which consists of Sudan's neighboring states, which were instrumental in the CPA processes, in their July 4, communiqué called for "the International community to keep its commitment to support the people of the Sudan by granting debt relief, removal of Sudan from the list of state sponsors of terrorism, lifting of sanctions and deferral of the ICC [International Criminal Court] indictment [of Bashir]. . . ." Earlier in the year, the African Union (AU) called for the removal of Sudan from the state sponsors of terrorism list, lifting of sanctions, and debt relief.

The AU has consistently attacked the ICC for its indictment of President Bashir. This past week, China called on the world to normalize relations with Sudan as soon as possible. Washington maintains that it can convince Sudan to acquiesce to its demands by enticing it with the benefits of "joining" the international community, which the U.S. alleges will open up new opportunities for foreign investment in Sudan. Given the accelerating disintegration of the global monetarist system, this is an empty offer.

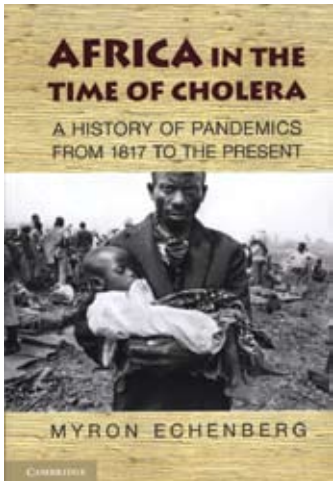
Book Review

Cholera in Africa Today Is a Crime Against Humanity: It Is Genocide

by Lawrence K. Freeman

Africa in the Time of Cholera: A History of Pandemics from 1817 to the Present
by Myron Echenberg
Cambridge, U.K.: Cambridge University Press, 2011
208 pages, softcover, $27.99

Africa is the *only continent* in the world today where cholera is still endemic.[1] This, despite the knowledge that cholera is both *preventable and curable,* and has been for a long time. For this to be happening in the 21st Century is a crime, and represents one feature of a policy of ongoing genocide against the people of Africa, especially those living in the vast sub-Saharan region of the continent.



This is not the thesis of the book's author Myron Echneberg; it is mine, which is substantiated by my knowledge of what has been done to Africa for centuries up to the present. However, regardless of Echenberg's failure to reach this conclusion, his book provides valuable material that substantiates the fact that cholera's endemic existence in Africa today is an intended means to reduce the population of Africa. In addition to providing us with an important clinical history of the seven cholera pandemics, from the first, beginning in 1817, to the seventh in 1961, Echenberg provides valuable and insightful jabs at the role of the British Empire and its free-trade policy in the spread of cholera.

Deadly Effects of Cholera Vibrios Bacteria

Echenberg describes the disease and its ghastly effects on its victim in the following paragraphs.

"Apart from the many who acquire asymptomatic or mild cases of cholera, cholera's progress is frightening for those who are more susceptible. Incubation preceeds symptom within a range of from fourteen hours to as long as five days. The variation depends in how long it takes for the cholera vibrios to colonize and multiply in the small intestine after they enter the body via the mouth from contaminated water or food. There, the bacteria secrete a powerful toxin that interferes with the absorption of water, salts, and other electrolytes into the large intestine. In the first stage of symptoms a sudden watery diarrhea, classically called 'rice water stool,' gushes out of the patient, emptying the lower bowel of fecal matter quickly. Dehydration produces acute and agonizing cramps in the muscles of the legs and feet, and sometimes the arms, abdomen, and back. The sense of prostration is extreme,

1. Cholera may still be considered endemic in South Asia, where it is thought to have originated ages ago in the Ganges/Brahmaputra River Basins. During the time period of the current, Seventh Pandemic, as Eichenberg chronicles, there have been recurrent outbreaks of cholera in the Indian Subcontinent, which meet the standard epidemiological definition of endemicity. An infection is said to be endemic in a location, when that infection is maintained in the population without the need for external inputs.
In the American Hemisphere, cholera may well be on its way to being a newly established endemic infection, as a result of allowing the economic collapse in Haiti to continue. After cholera's appearance in Fall 2010 in the lower Artibonite River Basin (attributed to mishandled sewage from a military base, with foreign personnel), the infection has spread throughout the island of Hispaniola. This deadly process is rightly referred to as Africanization. (See "Understanding the Cholera Epidemic, Haiti," by R. Piarroux et al., in *Emerging Infectious Diseases*, July, 2011, CDC.)

and lasts from two to twelve hours, depending on the severity of the symptoms.

"The second stage, often reached in a day or two, is marked by extreme collapse and continued purging and vomiting. Rapid dehydration and ruptured capillaries produce a grizzly effect on the patient's appearance. The skin becomes black and blue, wrinkled, cold, and clammy to the touch; the eyes become sunken, the cheeks hollow, the voice husky, and the expression apathetic. Blood pressure falls, a pulse cannot be felt at the wrist, and urine is suppressed. Violent convulsions of the leg and stomach muscles can cause terrible pain. Loss of liquid is often so great that blood can run as thick as tar, and the opening of a vein produces no results. Meanwhile, the patient suffers from the horror of full awareness of her or his plight. By this time the patient may have lost body fluids. Without replacement, death can occur from circulatory or kidney failure. In the worst cases, a healthy person can be dead in hours."

As Echenberg stresses again and again, the bacteria can only enter the body through the consumption of food or drinking water contaminated with fecal matter from another person with active cholera: "In a single day, an individual patient can produce up to twenty liters of stool containing as many as ten million vibrios per milliliter."

Let us be very blunt. Cholera is not cancer, a disease we still don't fully understand nor can cure. With cholera, people die because they are consuming other people's excrement. Not only do we know how to prevent the spread of cholera through adequate sanitation, potable water, and nutritional food, but through oral rehydration therapy (ORT) consisting of a concoction of liquids, sugar, and salt, the patient can be returned to health in a matter of days.

Now, ask yourself, why do we, as a civilized society, still allow cholera to kill thousands in Africa, which accounts for 90% of all cholera deaths in the world, when there is no objective reason for these deaths to occur? As Echenberg writes: "no one should die from cholera today." If you think my charge of "intentional" is offensive to public opinion, then, why are such large numbers of Africans still dying from cholera today, when no other people on the planet are expiring in any comparable magnitude?

Cholera Pandemics and British Colonialism

The author provides a summary of the first six cholera pandemics.

The First Pandemic of 1817-26 began following the rise of British imperial hegemony through the global control of commerce by the British East India Company, with its notorious free-trade policies. From the Ganges Delta as its source, cholera spread to Delhi, Bombay, Calcutta, the rest of Bengal—"leaving hardly a village or town untouched" of an entire region under British colonial domination.

Echenberg's hypotheses is that the great volcanic eruption of Mount Tambora in Indonesia in 1815 may have been a factor, causing massive flooding, and other climatic transformations that led to food and water shortages, driving desperate people to drink and eat from contaminated sources. Europe and the Americas were spared in this pandemic, but, in addition to British trade practices, British colonial forces themselves became carriers of the disease as they traveled throughout the world for military conquest.

The Second Pandemic began in 1828, shortly after the first one ended, and lasted until 1836. Again the author cites the British invasion of the Punjab in 1827, for helping "the Second Pandemic to gain impetus."

The Third Pandemic of 1839-61 was greatly aided by British repeal of the Corn Laws in 1846, which punctuated the Empire's commitment to free trade. Imperial warfare, such as the Crimean War of 1854, was another vehicle for the spread of cholera, when French forces brought the disease to Varna, Bulgaria and infected thousands of British soldiers, leading to 5,030 deaths. This Third Pandemic, unlike the first two, spread widely in the Caribbean, Brazil, the United States, and Europe.

However it was the Fourth Pandemic, of 1863-79, that turned out to be the greatest killer, including 50,000 deaths in the U.S., 50,000 in Cairo, and tens of thousands in the northern European countries. It was also the worst for Africa, traveling for the first time to the sub-Saharan portion of West Africa. The infection traveled to Somalia in East Africa, to the Great Lakes region, to Kenya, Tanzania, and Zanzibar, the British protectorate, where an estimated 70,000 died in 1869-70.

Although the Fifth Pandemic, 1881-96, was the mildest overall, it was the worst in East Asia.

The Sixth Pandemic crossed over into the 20th Century, beginning in 1899 and ending in 1947. With the West using various methods to purify water, and with modern sanitary practices, war remained as one of the main causes of the spread of cholera. In Russia's turmoil from 1902-1925, cholera broke out; the worst year was 1919, with 110,000 deaths. The Balkan Wars of

1921-13, the First World War; and the Japanese invasion of China, all contributed to the spread of cholera.

Contrary to British racist ideology and that of the Darwinists, who falsely attributed the spread of cholera to specific characteristics of non-white populations, especially Africans, who were believed to be more susceptible to the disease, due to their physiology, Echenberg succinctly calls cholera "the quintessential disease of filth." Crowded, filthy living conditions, contaminated water, undernourishment, and lack of basic health care, which are the prevalent conditions of life in sub-Saharan Africa today, not so-called race characteristics, are responsible for the cholera currently endemic in Africa.

Nineteenth- and 20th-Century colonial policies, and early 20th-Century wars provided the ideal conditions of filth for the opportunistic cholera bacteria to spread and kill. Industrialization, which took hold in much of the world, except Africa, virtually eliminated cholera midway through the 20th Century. *In short: cholera continues to kill in Africa, because of the intentional policy not to develop Africa.*

A Killer Disease for Africans Alone

The Seventh Pandemic came from a new pathogen: *Vibrio cholerae* 01 El Tor, thought to have begun in 1961 in Makassar on the Indonesian island of Sulawesi, did not really take off until 1970. Its four identified phases: 1971-90, 1991-97, 1998-2005, and 2006 to the present.

Echenberg cites a National Institute of Health study that asserts "*by the turn of the twenty-first century [cholera] had become a sub-Saharan African disease*" (emphasis added). From 1995 to 2005, West Africa ac-

The Genocidalists Speak For Themselves

Parson Thomas Malthus, employed by the British East India Company, wrote in his 1805 An Essay on the Principle of Population:

"All children who are born, beyond what would be required to keep up the population to a desired level, must necessarily perish, unless room be made for them by the death of grown persons.... Therefore ... we should facilitate, instead of foolishly and vainly endeavoring to impede the operations of nature in producing this mortality; and if we dread too frequent visitation of the horror of famine, we should sedulously encourage the other forms of destruction, which we compel nature to use.

"Instead of recommending cleanliness to the poor, we should encourage contrary habits. In our towns we should make the street narrower, crowd more people into the houses, and court the return of the plague. In the country, we should build our villages near stagnant pools, and particularly encourage the settlement in all marshy and unwholesome situations. But above all we should reprobate specific remedies for ravaging diseases; and restrain those benevolent, but much mistaken men, who have thought they are doing a service to mankind by protecting schemes for the total extirpation of particular disorders."

Lord Bertrand Russell wrote in his *Prospects for Industrial Civilization*:

"The white population of the world will soon cease to increase. The Asiatic races will be longer, and the negroes still longer, before their birth rate falls sufficiently to make their numbers stable without help of war and pestilence...."

He continues the same theme in his 1951 book, *Impact of Science on Society*:

"At present the population of the world is increasing at about 58,000 per diem. War, so far, has had no very great effect on this increase, which continued throughout each of the world wars.... War has hitherto been disappointing in this respect ... but perhaps bacteriological war may prove effective. If a Black Death could spread throughout the world once in every generation, survivors could procreate freely without making the world too full. The state of affairs might be unpleasant, but what of it?"

Prince Phillip, consort of Queen Elizabeth II, and co-founder of the World Wildlife Fund, was quoted by the Deutsche Presse Agentur, August 1988:

"In the event I am reborn, I would like to return as a deadly virus, in order to contribute something to solve overpopulation."

Dr. Arne Schiotz, World Wildlife Fund Director of Conservation, 1984:

"Malthus has been vindicated, reality is finally catching up with Malthus. The Third World is overpopulated, it's an economic mess, and there's no way they could get out of it with this fast-growing population. Our philosophy is: back to the village."

counts for 19.6% of all cases worldwide; East Africa, 15.7%; Central Africa, 10.6%; and Southern Africa, 15.7%, with the highest concentration, not surprisingly, in the Democratic Republic of the Congo, western Uganda, and northern Zambia. Also not surprisingly, the main risk factors were: contaminated food, infected water, and living conditions in refugee and internally displaced persons camps.

The author provides yearly tables for the four phases of the seventh epidemic. For the 20 years of Phase One, 1971-90, he only has figures for the total number of cases: 475,000. Beginning with Phase Two, 1991-97, he includes the number of deaths and death rate, which totaled 781,000 cases, and 44,353 deaths for a case fatality rate (CFR) of 5.7. In Phase Three, from 1998-2005, the number of cases is 1,178,000, and 36,780 deaths, with a CFR of 3.1. His figures for Phase Four end in 2009, with no comprehensive figures for 2010, although he insists the pandemic is continuing.

For the four years from 2006-09, there were 807,000 cases, with 20,327 deaths: a CFR of 2.5. Alarmingly, the yearly average of cases in Phase Four is 201,750, an incredible 37% higher than the yearly average of Phase Three at 147,250. And, although the death rate is lower, the yearly average of deaths is higher in Phase Four at 5,082, than the yearly average of Phase Three at 4,598, which tells us, that more Africans are dying yearly from cholera than ever before—from a disease that has been virtually wiped out in every other part of the world.

Even though by 2007 the CFR dropped from 15.7 in 1971 to 2.4, the rate of death for the Americas was zero for the same time period, and Asia's rate dropped from 14.3 in 1971 to 0.3 by 2007—a mere one-eighth of the African rate.

The author reports that by the first decade of the 20th Century—Phase Four—"cholera had become an *African disease"* (emphasis added). Since the beginning of the decade in 2000, 90% or more of the world's cases are in Africa, which also has the highest CFR of any continent. In fact, 2006 was the highest number of yearly cases of cholera recorded so far in Africa, at 234,000, which was an unbelievable 99% of 237,000 cases in the entire world. After a decline in 2007 and 2008, cholera cases in Africa zoomed back up to 217,333—98% of total cholera cases in the world! Of the 234,000 cases reported in 2006, four countries in Africa; the D.R. Congo, Ethiopia, Sudan, and Somalia had 75% of them. Southern Sudan, which has just become an independent nation, was, in 2006, the center of the spread of cholera north into the Horn of Africa.

Genocide by Every Means Necessary

This increase in deaths from cholera in Africa, despite the full knowledge of how the disease spreads, and the means to provide a well-known remedy via oral rehydration, raises the ugly charge that many Africans fear is true, but are afraid to speak about publicly. *Is the failure to eliminate cholera in Africa, as has been accomplished in most of the rest of the world, not part of a conscious effort to reduce the rate of population growth on the African continent?*

Echenberg does not draw this conclusion. However, from the extensive documentation he provides, with *EIR*'s knowledge of the fanatical intent of the environmentalist movement, led by the British-spawned World Wildlife Fund, to impose a zero-growth policy to reduce the world's population, especially targeting the non-white African people, there can be no doubt that the very existence of endemic cholera today, demonstrates a conscious, monstrous, immoral policy of genocide against the people of Africa. Lyndon LaRouche, the American economist, has repeatedly indicted the British oligarchy and the WWF for their operational policy to reduce the world's population from 7 billion to between 1-2 billion people.

Today, in the second decade of the 21st Century, there is no objective reason to tolerate the deaths of thousand of Africans from cholera. No, Virginia, there are not too many Africans, nor are they an "inferior species." Rather, what we are witnessing is the intended results of a policy outlined in Henry Kissinger's infamous blueprint for population reduction in the developing sector, entitled, "National Security Study Memorandum 200: Implications of Worldwide Population Growth for U.S. Security and Overseas Interests," which was dated Dec. 10, 1974, and remained classified for a decade and a half.

Population reduction and cholera in Africa result from same conditions: regional, civil, and tribal wars, famines and malnutrition, millions existing in deplorable conditions in refugee camps, lack of potable water, lack of minimal infrastructure, millions living in squalor and shacks, lack of minimal health facilities, HIV/AIDS, malaria, social breakdown, mass migrations, lack of latrines, lack of soap, and lack of jobs, to list the most obvious.

African nations have been systematically denied the right to sovereignly develop advanced agro-industrialized economies, so that their people might be allowed to express their human cognitive potential to generate and enjoy the fruits of mankind's scientific and artistic cultural principles.

Free-Trade Privatization Kills

The causes for cholera being endemic in Africa are presented in this book. However, as mentioned above, Echenberg stops short of drawing the obvious conclusion, although he does touch upon the effects of the murderous free-trade ideology manifest in the obsession with *privatization* of African economies. He notes the role of the global financial institutions, the economic neo-liberalism led by Great Britain's Margaret Thatcher, the brutal structural adjustment programs of the International Monetary Fund and World Bank, which forced countries to sell off their public-sector enterprises in order to get international loans.

In Chapter 8, "Risk Factors," he zeroes in on the harmful effects of the dictates of the so-called free-market in demanding privatization of water, which is of great pedagogical value to the reader. Along with effects of the worsening food shortage, the lack of potable water is the greatest crisis in Africa. Many who follow developments in Africa, including myself, agree that new regional wars could erupt over the rights to water. Keep in mind that contaminated water (along with lack of sanitation) is the primary cause for cholera. Now consider the implications of the following evidence provided in the book:

"Beginning in the late 1980s, heavily indebted countries of the Third World could no longer resist the pressure to adopt neoliberalism in exchange for renegotiated loans," writes Echenberg. African countries, among others, were forced "to embrace the new ideology of privatization" to the detriment of their own citizens. He reports that the African Development Bank also "encouraged poor countries to run their water systems for profit." Here we see the old Venetian-cum-British method of control through financial manipulation. After driving up the debts of poor nations, the financiers use this inflated indebtedness to force the borrowing country to accept polices that are murderous to their populations.

The case study of South Africa cited by the author is illustrative of the deadly effects of free-trade policy.

Unexpectedly, in August 2000, a cholera epidemic broke out in Madlebe, and soon spread to most of the KwaZulu Natal to the Eastern Cape and other parts of the country. From 2000-01, the epidemic affected 125,818 people—roughly 60% of cholera cases in the world in that time period.

The causes leading up to this cholera outbreak began in 1995, shortly after the African National Congress (ANC) liberated South Africa from apartheid and established majority rule, but mistakenly adopted neo-liberal economic policies of "cost recovery" for new electrical and water installations. The Madlebe Tribal Authority in Zululand suffered under apartheid, and like much of sub-Saharan Africa, lacked all features of basic infrastructure, with no sanitation system, and little access to clean water, forcing the population to drink contaminated water from the same streams which were used as public toilets. Registration fees to connect to the water supply were unaffordable, driving people to use the unsanitary water from streams and rivers.

In the South African town of Nelspruit on the border with Mozambique, the municipal government contracted out its water supply to a private consortium, the Greater Nelspruit Utility Company (GNUC), led by the British company Biwater, which was given a 30-year concession to manage water and sanitation. As could have been expected, with high unemployment and little income, people could not pay the charges, and militant resistance developed to the ANC "cost recovery" program.

A glimpse of the impact of the free-trade-dictated privatization of water in South Africa is given in the following figures: 10 million South Africans have had their water cut off for various periods; 2 million have been evicted for failure to pay utility bills; and poor families have to spend up to 40% of their monthly income for water and electricity. The result: Millions are forced to drink contaminated water which carries the cholera virus.

Cholera has come to exist as a freestanding pathogen in large bodies of water under the right conditions, including the Lake Chad Basin, affecting Cameroon, Niger, Nigeria, and Chad, and Lake Tanganyika, which impacts the D.R. Congo, Burundi, Zambia, and western Tanzania. Echenberg cites research on the use of satellite imaging to predict outbreaks of cholera up to "six weeks before they happen." Researchers have data from satellites on temperature, salinity, and chlorophyll, which are all linked to levels of algae in water that leads to increases of zooplankton. According to Prof. Rita Colwell, who has been involved in research on cholera for 30 years, the cholera virus increases when zooplankton increases.

Scientists are optimistic that using vital satellite imaging they will be able to predict "where and when cholera outbreaks will strike," which could save thousands of lives. (It is exactly these life-saving satellites that President NerObama is shutting down under the lying excuse of saving money.)

Editorial

Throw Obama Out of Office Today!

There are phony deadlines—like the one which Obama and the London-Wall Street bankers have set on the debt ceiling—and then there are real ones. Among the real ones is the need to remove Barack Obama from the Presidency immediately—before he commits any more irreparable harm, including to our Constitution.

Leading American economist and statesman Lyndon LaRouche has announced that he will be addressing this issue, when he takes the podium for his July 21 webcast. "There are no options—only solutions," LaRouche added. LaRouche's guidance will be crucial for those patriots, of all countries, who must take action in the coming days. But some leading elements of the picture are already crystal clear.

The pattern of Obama's behavior during his Presidency shows that his London backers are utilizing his insane, Neronic personality in order to try to carry out a coup against the U.S. Constitution, which would replace our republican form of government with a dictatorship. Obama has already usurped, de facto, Congress's Constitutional duty to declare war; he has expanded police-state powers against our fellow citizens considerably beyond what the Bush-Cheney regime achieved; and he has declared his intent to establish extra-Congressional bodies to cut back the level of vital services, especially health care, for our citizens. If not removed from office, he is taking us straight into a tyranny which will destroy the United States.

Add to the crimes already committed, the recently declared Administration policies for dealing with the onrushing blowout crisis of the world financial and economic system—and the threat that Obama's actions represents to our nation and the world comes further into focus. First, as we forecast, the Administration has now proposed to extend another massive bailout to the corpse of the global banking system—the so-called QE3—a bailout which will bring us into a devastating hyperinflationary disaster, massively increasing the death rate. Second, is the Administration proposal for "handling" the debt crisis by further increasing the powers of the President, and slashing Social Security and Medicare.

For what he has done so far, the President is provably impeachable. But no one in Congress has yet shown the guts to move to get the job done.

"Progressive" Democrats have shown with their actions that they recognize Obama's abandonment of the poor, and the Constitution. Rational Republicans have come to a similar conclusion about the President being a danger to the nation, for different reasons. But both hesitate to take the unique steps—identified closely with LaRouche—that will lead to Obama's removal, including Glass-Steagall and the demand for impeachment, or removal through the 25th Amendment.

Can any sane person deny that Obama is too insane to change? Take last week's outburst of rage, when Obama stormed out of his own negotiating session with the House and Senate leaderships. What had happened? Eyewitness accounts report that Rep. Eric Cantor had had the temerity to question some of the numbers the President was bandying about! Nero does not take well to be questioned.

Obama should have been removed from office long before now, on the basis of his mental unfitness for the Presidency. Instead, he's been allowed to rip up the Constitution, step by step. Either patriots get the gumption to act, or the destruction of our nation, and mankind's future, will be on their hands.