

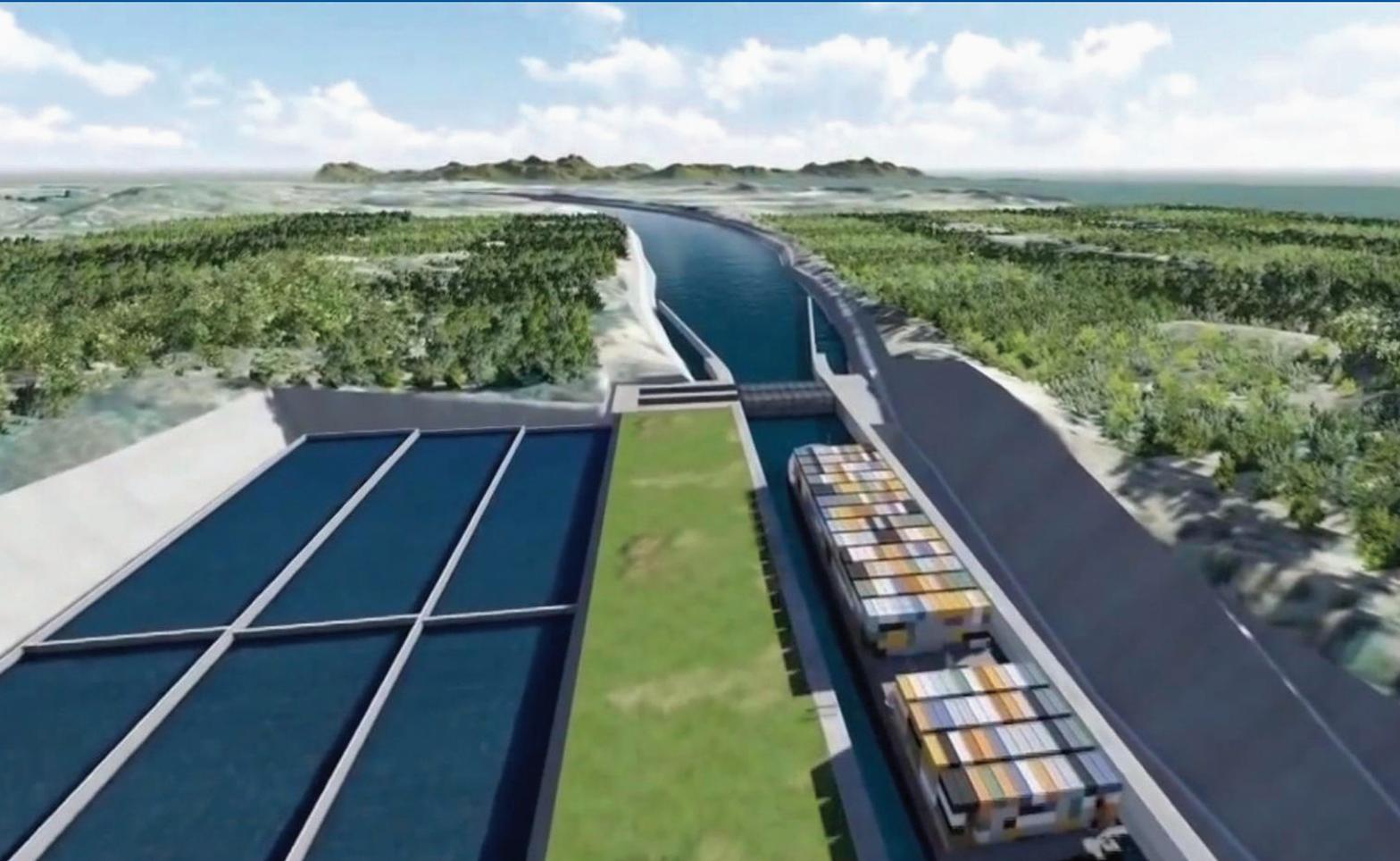
# EIR

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Helga Zepp-LaRouche: The Crossroads of 2015  
Wipe Out Wall Street, Detonator for World War  
Greek Election Could Herald Change in Europe

**Nicaragua's Canal: The Maritime  
Silk Road Comes to the Americas**





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# EIR

## From the Editors

‘In view of the existential dangers that threaten humanity today, one thing is certain: We must make the leap to overcome the purported interests of geopolitics, and to unite around the higher vantage point which all astronauts, cosmonauts, and taikonauts have expressed. With the perspective of astronauts viewing the Earth from space, it is in fact possible to regard humanity as a unity, which lives on a tiny planet in a very large Solar System, which is part of a much larger galaxy, among billions of galaxies.’

The above perspective, expressed by Helga Zepp-LaRouche in the leading strategic article of this issue (*International*), and already in process in the nations of the BRICS and their allies, represents the hope for mankind’s future. In our cover feature, “The Maritime Silk Road Comes to the Americas” (*Physical Economy*), you can see that this mindset is already making headway in the Americas, with the initiation of the Nicaraguan Oceanic Canal project. When you read the interview with Dr. Telémaco Talavera, the manager of that project, you will see precisely the mindset of optimism and willingness to collaborate with all nations, which is needed, especially in the United States.

A similar outlook is evident in the BRICS nations, such as India, as Prime Minister Modi reflected in his speech to India’s Science Congress Jan. 2, which we report here (*Economics*).

Other articles lay out the dangers if the U.S. and Europe fail to rise to the challenge. The potential Greek exit (“Grexit”) from the euro has accelerated the collapse of the trans-Atlantic financial system, threatening deadly chaos, more genocide, and war. Those moves toward war are further amplified in the latest developments in Central Europe and Korea.

In our *Feature*, we take up the fundamental cause of the threatened civilizational collapse, the insane determination of Wall Street to defend its bankrupt system, and put before you, once again, the programmatic solutions. First, Lyndon LaRouche’s Four Laws To Save the U.S.A., first printed last June, and second, a major reprise of the American credit system, originally produced as part of EIR’s “The New Silk Road Becomes the World Land-Bridge.” LaRouche has described this Hamiltonian system as “America’s gift to the world,” and so it is—a program for financing a *world* recovery based on scientific breakthroughs that will make mankind truly a citizen of the Solar System.

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*Nicaragua's Grand Inter-Oceanic Canal project, shown on YouTube by La Prensa.*



Video courtesy of HKND

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CHINA IMPLEMENTS THE REAL AMERICAN SYSTEM

## Mankind's Future Lies with The BRICS' New Silk Road

by Helga Zepp-LaRouche

*The following is the foreword to the forthcoming German-language book on the Schiller Institute's 30th anniversary conference held last October in Frankfurt, Germany.*

Jan. 2—Europe is at a crossroads as 2015 begins. The nations of continental Europe could continue to submit to the Anglo-American confrontation against Russia and China, and are then likely drawn into a global thermonuclear war, which could mean the end of the human race. Or Germany, France, Italy, and the other European countries could reflect on their existential self-interest and take up Chinese President Xi Jinping's offer to President Obama at the November 2014 APEC summit, that the United States and other major countries join with the BRICS countries in building a new economic and financial system, which the latter states have already initiated with such cooperative projects as the New Silk Road and the Maritime Silk Road. Such a positive step on the part of the European nations would be the best way to strengthen the existing current in the United States that favors such cooperation with the BRICS countries.

At least since the outbreak of the Ukraine crisis, a growing number of people recognize how fragile world peace has become. But despite occasional articles expressing concern about the lack of a diplomatic code of behavior for crisis management, such as existed between the then-superpowers even during the height of

the Cold War—the Cuban Missile Crisis—today, honest discussion about the strategic situation is sorely lacking. It is occurring neither in the media nor within the political establishment in a form commensurate with the seriousness of the situation.

### **Danger of War**

Russian President Vladimir Putin, at the end of 2014, presented the updated edition of Russia's 2010 military doctrine. Moscow reserves the right to use nuclear weapons, he said, to avert an attack on Russia or its allies by nuclear weapons or other weapons of mass destruction. He described the main threats to Russia as NATO's eastward expansion and its first strike doctrine, as expressed in the concept of "Prompt Global Strike"—encompassing the U.S. global missile defense system; the deployment of American nuclear weapons in space; terrorism; as well as the activities of organizations and individuals intended to undermine Russia's sovereignty, unity, and territorial integrity. Various forms of irregular warfare are also included, such as "color revolutions," and economic and financial sanctions that aim at regime change; these have been identified previously by the leadership of the Russian military as new forms of warfare.

To avert military conflict, Russia wants to cooperate more actively with its partners, including the BRICS countries (Brazil, Russia, India, China, South Africa), the Collective Security Treaty Organization (CSTO),

the Commonwealth of Independent States (CIS), the Organization for Security and Cooperation in Europe (OSCE), and the Shanghai Cooperation Organization (SCO). The clear implication is that, in case of a military confrontation with Russia, NATO would be dealing not just with one country, but with a thermonuclear third world war.

Theodore Postol, a professor of science, technology, and international security at the Massachusetts Institute of Technology (MIT), wrote an article in the influential U.S. magazine [The Nation](#) on Dec. 10, 2014, titled “How the Obama Administration Learned To Stop Worrying and Love the Bomb,” which should be required reading for everyone who wants to understand the strategic situation. The author comments on the \$1 trillion program to modernize U.S. nuclear weapons, which could only be understood by Russian military analysts as demonstrating the U.S. intention to fight and win a nuclear war against Russia. Postol concludes that this armament program is a reckless policy that threatens to lead to a nuclear disaster.

In addition to such factors as the possibility of accidental nuclear strikes, the erosion of discipline among those responsible for managing nuclear weapons, false alerts by early warning systems, and extremely reduced reaction times, Postol points out the “profoundly different nature” between conventional and nuclear weapons. It is a dangerous illusion, he writes, to think that it might be possible to totally eliminate the enemy’s second-strike capability: “In a world that is fundamentally unpredictable, the pursuit of an unchallenged capacity to fight and win a nuclear war is a dangerous folly.”

It is also clear that the full spectrum of U.S. and NATO policies—from the eastward expansion to color revolutions and nuclear weapon modernization programs—actually began immediately after the collapse of the Soviet Union, well before the outbreak of the Ukraine crisis. President Putin had it right when, in his annual address to both houses of the Federal Assembly on Dec. 4, he said that if the Ukraine crisis had not occurred, the West would have found another reason for confrontation.

### **Geopolitics and the Financial Crisis**

The risk of an out-of-control military confrontation with Russia will increase dramatically in 2015, as the crisis of the trans-Atlantic financial system comes to a

head. One need only look at the axiomatics of geopolitics, which already led to two world wars in the 20th Century. This danger of war ultimately results from the same imperial thinking that was responsible for the policy of regime change through color revolutions and the eastward expansion of NATO and the EU. If the trans-Atlantic sector threatens to economically collapse and Asia continues to grow, this geopolitical impulse increases the likelihood of war.

U.S. Chief of the Joint Chiefs of Staff Gen. Martin Dempsey has repeatedly warned in this context that the United States must not fall into the so-called “Thucydides Trap”: that America and the West overall should not see the rise of China as a military threat, as ancient Athens saw the rise of Sparta, thus leading to the Peloponnesian War, and thus ultimately to the downfall of Greece.

The trans-Atlantic financial system will be exposed to systemic shocks in the first weeks and months of 2015. The failure of the Troika’s Brüning-style austerity policy, especially in Southern Europe, dramatically places on the agenda the crisis of the euro and possibly its end. American analysts such as George Friedman of [Stratfor](#) consider the European economic and financial crisis to be the most dangerous threat in 2015—more so than a possible conflict with Russia.

At the same time, the extremely low oil price, resulting from the combination of the “successful” fracking of shale gas and oil, and a price war against Russia, is threatening to boomerang against Wall Street and the City of London. If the oil price remains at \$60 per barrel or falls even lower, companies that have invested in shale gas production will find themselves sitting on several trillion dollars of debt, leveraged to a factor of 20, calculated on an oil price of \$80-120 per barrel. Thus the subprime mortgage crisis of 2007, which was the prelude to the systemic crisis triggered by the collapse of Lehman Brothers in September 2008, is being repeated. Given that there has been no meaningful reregulation of the banking sector since then, and that some of the too-big-to-fail banks are more than 40% bigger today than they were in 2008 (Bank of America, for example, has an 85% higher derivative exposure), it won’t take long before the really big crash occurs.

In the face of this hair-raising situation, there is only one question: Is there an alternative, a solution that can protect humanity from otherwise certain disaster?



EIRNS/Stefan Tolksdorf

*Helga Zepp-LaRouche with Col. Bao Shixiu in Beijing, September 2014. Colonel Bao is a Professor of Military Affairs at the Academy of Military Sciences, People's Liberation Army. Zepp-LaRouche, known as "the Silk Road Lady," has been working with Chinese influentials for two decades to achieve the breakthroughs that are now occurring.*

## **There Is a Way Out**

The answer lies in the above-mentioned offer by President Xi Jinping to the United States and other major nations, namely the construction of the New Silk Road, the Maritime Silk Road, the associated new financial institutions such as the Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NDB), and the New Silk Road Development Fund, as well as cooperation generally with the BRICS countries. The Chinese offer explicitly abandons the geometry of geopolitics, because it is open to all nations that want to cooperate. It is a "win-win strategy," with advantages for all participants, as they work together for the higher common interest.

Since the Chinese government placed its New Silk Road ("One Belt/One Road") on the agenda in September 2013, and especially since the July 2014 summit of the BRICS countries in Fortaleza, Brazil, and the sub-

sequent summit of the heads of state of the BRICS and Latin American countries, a new, parallel world economic and financial order has been developing at a rapid pace. A tremendous number of joint infrastructure and development projects have begun, or are in preparation, with cooperation in high-tech areas such as nuclear power and space exploration. The new banks have demonstratively rejected the principles of the trans-Atlantic casino economy and are explicitly aimed only at financing the real economy.

The fascinating thing is that China, India, and many other states are now applying the economic principles that were once characteristic of the United States, Germany, France, and Italy. They are focusing on creating a knowledge-based economy, giving the greatest attention to the best possible education of the younger generation, and emphasizing production methods with high energy-flux density and advanced technologies, which has already generated boundless optimism for the potential of the future.

China, for example, is developing a credit system that is largely based upon the principles of Alexander Hamilton, the first Secretary of the Treasury of the United States. That means that China is building its breathtakingly successful economic model on the American System, a conception aligned to the real physical economy, while the U.S. and Europe continue under the thumb of the British system, a monetarist bankers' dictatorship.

It was originally the German-American economist Friedrich List who elaborated the fundamental contradiction between the American and British systems, during his stay in America from 1825 to 1834. This economic scientific method was further developed by Lyndon LaRouche, and now takes the form of his Four Fundamental Laws [see *Feature* in this issue—ed.], available as a template at the moment the United States should decide to take up President Xi Jinping's offer.

## **A New Paradigm for the Future**

This new orientation of the BRICS countries, which have been joined by many countries in Latin America, Asia, and Africa, thus representing more than half of

humanity, means overcoming geopolitics and establishing a new paradigm that defines the common aims of mankind. It is, as Indian Prime Minister Narendra Modi said, the first time that an alliance has arisen of nations that are not defined by their current capacities, but by their potential for the future. This new dynamic is also proof that true and important ideas can ultimately prevail.

The proposal for a New Silk Road is in principle identical to the one that the Schiller Institute put forward, with the idea of the Eurasian Land-Bridge, after the collapse of the Soviet Union in 1991, and promoted with many conferences, seminars, and publications. What was then conceived by us as an economic and cultural basis for a peace order for the 21st Century was initially only a programmatic idea, but is now a practical reality and perspective for a dynamic alliance of states that have set out consciously to initiate the next stage in the evolution of mankind. This is clear with respect to the Chinese space program and its perspective of taking advantage, soon, of helium-3 from the Moon, for a future fusion economy on Earth. And of course, the Sino-Indian-Russian cooperation in space is an integral part of this next phase of the development of mankind.

In view of the existential dangers that threaten humanity today, one thing is certain: We must make the leap to overcome the purported interests of geopolitics, and to unite around the higher vantage point which all astronauts, cosmonauts, and taikonauts have expressed. With the perspective of astronauts viewing the Earth from space, it is in fact possible to regard humanity as a unity, which lives on a tiny planet in a very large Solar System, which is part of a much larger galaxy, among billions of galaxies.

This teaches us to recognize the common threats to and goals of humanity, and to be guided by a principle which was called the “extraterrestrial imperative” by the great German-American scientist Krafft Ehrlicke. By this he meant both that human spaceflight is the natural next phase in the evolution of mankind, and that man becomes “civilized” because he can only survive in space when he respects the universal laws of science, because obviously, out there, any form of irrationality or hedonism would result in his downfall.

In order to put this idea of a new paradigm for the development of universal history on the agenda, as it has been applied to the idea of the New Silk Road as a way to a World Land-Bridge and other common aims of

mankind, the Schiller Institute has organized, since November 2012, a total of eight international conferences in Germany and the United States, as well as a series of seminars and concerts. The idea is first, to build new international relationships for the realization of the new paradigm, and second, to make known to a wider audience the existence of the alternative represented by cooperation with the BRICS countries. This purpose is served also by this Special Report, as well as the [petition](#) being circulated worldwide and getting more and more signatures. You are cordially invited to sign this petition and circulate it further.

This initiative is supported by the idea that mankind is the only known species that is creative, and thus capable, in the sense of Nicholas of Cusa, of finding a way out of even the most dangerous and complex situation, from a higher level. It is also based on the assumption of Gottfried Leibniz that the universe is created in such a way that a great evil has the potential to produce an even greater good, and the idea of Vladimir Vernadsky that the noösphere, i.e., the effect of human reason in the universe, increases perpetually.

*Translated from German*

## On the Brink of World War in 2015?

by Jeffrey Steinberg

Jan. 4—New Year’s celebrations this year were set against the growing danger of world war, and efforts to prevent the outbreak of conflict in the early moments of 2015.

Russian officials, including President Vladimir Putin and Armed Forces Chief of Staff Gen. Valeriy Gerasimov, made clear, in year-end statements and interviews, that Russia is fully prepared to strategically counter the drive for regime change in Moscow, coming from NATO and the Obama White House.

On Dec. 29, in an interview with Rossiya 24 TV, General Gerasimov reviewed Russia’s progress toward an overhaul of its strategic nuclear strike force triad, with the testing of a new generation of mobile land-based ICBMs, and the deployment of three new Borei-class nuclear-armed submarines to the Northern Fleet.

He said that the strategic modernization is a top priority, in line with Russia's recently issued new military doctrine.

In the Nov. 24-30 issue of the Russian Ministry of Defense journal *Military Thought*, a lengthy article appeared under the headline "Political Engineering of Color Revolutions—Ways To Keep Them in Check," which recapitulated the Russian command's assessment that Western powers are engaged in a 21st-Century form of regime-change warfare, based on fomenting "managed chaos" to overthrow governments, particularly in the CSTO (Collective Security Treaty Organization) region, including Russia.

The danger of war, driven by the blowout of the trans-Atlantic financial system, was also highlighted by Willy Wimmer, the former national security advisor to Germany's Christian Democratic Union, in a strategic analysis, titled "Will Everything Blow Out in 2015?" Wimmer points to several triggers: the prospect of a Greek departure from the euro; London decoupling from the EU; a Le Pen takeover in France; and the Obama Administration's "institutionalizing the enemy status" of Russia. Wimmer cited the British imperial tradition of Cecil Rhodes as the driver for the current war danger.

Wimmer's warnings were echoed by Patrick Buchanan, writing on the Jan. 2 antiwar.com and asking: "Is War in the Cards in 2015?" Buchanan cited the recent Congressional passage of HR 758, a provocation against Russia, and President Obama's sanctions against Moscow, as a driver for war. He warned that Congress will likely vote to provide arms to Kiev, and that this could be the trigger for a harsh Russian military response.

### **Some Getting Cold Feet?**

The Obama Administration has announced new sanctions against four Russian government officials under the Magnitsky Act, prompting a strong condemnation from the Russian Foreign Ministry, which warned that such hostile actions could wreck any Russian cooperation with Washington over crucial issues like the P5+1 negotiations with Iran, and the ongoing Russian-led efforts to reach a political solution to the four-year Syrian conflict, which has given rise to the Islamic State.

The threat of imminent war has become so pronounced that some of the leading war provocateurs are losing their nerve and warning about the danger. Former

Ukraine President Viktor Yushchenko, who was installed in the mid-2000s in the first phase of the Orange Revolution, said in a late December interview that 60% of the Ukrainian people oppose the current government's move to integrate into the European Union and NATO.

Even Adrian Karatnycky, the former head of Freedom House, and the current director of the Atlantic Council's Ukraine in Europe Task Force, warned that the Right Sector and hard-core anti-Russian Ukrainian oligarchs who finance the extremist gangs, pose a threat to the security of Ukraine and must be brought under control immediately.

### **Some Efforts To Push Back**

Even as Wall Street and London drive the world towards a strategic confrontation that could lead to thermonuclear war and extinction, there are some signs of resistance. At the close of the year, the foreign ministers of Russia, Ukraine, Germany, and France held a conference call aimed at restarting the Minsk Accords of September 2014 to settle the crisis in Ukraine. The four ministers agreed that an immediate reconvening of the Contact Group was necessary, and there are reports of several meetings upcoming in early January, in Berlin, and in Astara, Kazakhstan to revive the effort.

In a sign of Russian willingness to facilitate the de-escalation of the Ukraine crisis, President Putin announced that Russia would begin delivery of 500,000 tons per month of coal to Ukraine—without pre-payment.

Russia is also working to host a January negotiating session in Moscow of the Syrian opposition, including both internal and foreign-based groupings, with representatives of the government. Deputy Foreign Minister Alexander Bogdanov has been leading the effort, after visiting both Damascus and Ankara (where the opposition groups are headquartered). The Russians have been pressuring President Bashar al-Assad to fully engage in the dialogue with the opposition; Russia has leverage because Assad has asked Moscow for \$10 billion in new loans.

Egypt and Iran have indicated their willingness to cooperate in the Syria peace effort. And U.S. Secretary of State John Kerry has remained in close contact with Russian Foreign Minister Sergei Lavrov on both Syria and Ukraine, although it remains unclear whether Kerry has any backing from President Obama and his White House inner circle for the diplomatic initiative.

# North, South Korea Seek Peace, While Obama Threatens War

by Mike Billington

Jan. 2—South Korea’s Prime Minister Chung Hong-won, in a New Year’s message on Jan. 1, welcomed North Korean leader Kim Jong-un’s New Year’s call for a summit with the South. South Korea, Chung said, “will make proactive efforts to resolve the inter-Korean confrontational mood and to open the door for inter-Korean dialogue and co-prosperity. This year, we must establish an everlasting peace on the Korean Peninsula and take one step forward toward unification.”

Thus far, there has been no mention by Seoul of the North’s nuclear weapons program, and no preconditions demanded for the new peace effort on the Korean Peninsula—both of which would be unacceptable to Pyongyang.

This dramatic development, potentially bringing to a close the last vestiges of the Cold War in Asia, and thereby unleashing massive regional development pro-

grams which have long been on the books, but held back by the continuing crisis on the Korean Peninsula, is being met with ridicule and attempted sabotage in the West. Skeptics have pointed out that there have been such offers in the past, but nothing has come of them.

A South Korean source told *EIR* that the window of opportunity for significant progress will only be open between now and Feb. 23, when the annual U.S.-South Korea military exercises, Key Resolve, which are viewed in the North as a direct threat, and which Supreme Leader Kim Jong-un denounced in his New Year’s message, are scheduled to take place.

## Enhanced Potential

But the situation this time is significantly changed. Over the past year, South Korea has been deeply en-



*A state-of-the-art port in the North Korean city of Rajin (part of the Rason Development Zone), shown under construction here, was inaugurated on July 18, 2014, in a ceremony attended by officials from Russia, North Korea, and South Korea.*



gaged with the North, in collaboration with Russia, and to a lesser extent with China, in large-scale cooperative development projects. A new port city has been developed at Rason in northeast North Korea, with both Russia and China building new port facilities there, while Russia has reconstructed a rail line connecting Vladivostok to Rason. These developments are part of a more comprehensive plan for the development of the entire Tumen River region.

In December, the first shipment of Russian coal was delivered by rail to Rason, where South Korean ships owned by Hyundai Merchant Marine loaded the coal for delivery to South Korean steel giant POSCO. South Korea's state rail company KORAIL is also involved in the process—in fact, the three South Korean firms have formed a consortium which plans to purchase about half of Russia's 70% share in their joint venture with North Korea, called the Rason ConTrans.

None of this economic cooperation has included preconditions regarding the North's nuclear program or human rights issues. Rather, it is based on giving the North a real stake in long-term cooperative development, as the only possible basis for peace.

Also, top North Korean officials have visited Europe and Russia over recent months, and attended the Asian Games in Incheon, South Korea in October, where they held meetings with the South's chief of national security, the unification minister, and the first deputy director at the National Intelligence Service. The North Korean delegation proposed at that time that high-level talks be established.

## **Obama Prefers War**

The U.S. has responded to this peace offensive with a vengeance. Obama's UN Ambassador Samantha Power was the driving force behind a report issued by the United Nations calling for North Korea and its leader Kim to be taken to the International Court of Justice for crimes against humanity. She described North Korea as "a living nightmare." The Chairman of the panel issuing the report, retired Australian judge Michael Kirby, compared North Korea to Nazi Germany.

South Korea, Russia, China, and North Korea were unfazed by this attempted sabotage of the development projects that were underway, and have proceeded with their "peace through development" approach.

Now, the calls for a summit and cooperation in both

North and South Korea's New Year's messages have further infuriated Obama. On Jan. 2, Obama issued yet another executive decree, imposing new sanctions on three organizations and ten individuals connected to North Korean intelligence and defense—not surprisingly, including those with defense relations with Russia, China, Iran, and Syria.

The White House release said the move was a response to Pyongyang's "attack that aimed to create destructive financial effects on a US company and to threaten artists and other individuals with the goal of restricting their right to free expression," supposedly for hacking into Sony—a hack attack which numerous U.S. cyber experts have stated was almost certainly *not* done by North Korea.

As in the case of Obama's sanctions against Russia, which inflict great damage on Europe as well as on Russia, it is clear that these new sanctions are aimed at South Korea, Russia, and China as much or more so than at North Korea per se—an attempt to stop the peace offensive on the Korean Peninsula being carried out by the South in collaboration with the BRICS nations.

Kim's New Year's message said in part: "Depending on the mood and circumstances to be created, there is no reason not to hold the highest-level talks." He also blasted Obama, calling on Washington to make a "bold shift" in its policy toward North Korea, adding: "The US and its followers are holding on to a nasty 'human rights' racket, as their schemes to destroy our self-defensive nuclear deterrent and stifle our republic by force become unrealizable." He said nuclear weapons were the guardian of his country and the DPRK would retaliate against "any provocations."

South Korean President Park Geun-hye called on her compatriot, UN Secretary General Ban Ki-moon, to help in facilitating talks, and improving relations between North and South, which he has agreed to do.

## **Obama's Role in Sony's Film**

Sony's film "The Interview," which portrays the assassination of North Korea's current head of state, has been defended by Obama and the press as a matter of "free speech," but the reality is quite different. Obama not only personally intervened to demand that the movie be released as scheduled, but e-mails leaked by the group that hacked into Sony's computers demonstrate beyond doubt that the Obama Administration was

involved from the beginning, insisting that the film both ridicule Kim and portray his assassination, precisely because they intend to carry out “regime change” against North Korea, with assassination of its leader the preferred method.

Sony hired a RAND Corporation Korea expert, Bruce Bennett, to advise on the making of the film—ostensibly a comedy—which portrays two American journalists hired by the CIA to assassinate Kim under the cover of an interview with him. Bennett, in an e-mail to Sony CEO Michael Lynton, said that he had entertained some doubts about the ending, in which Kim’s helicopter is hit by a missile, his hair catches on fire, and his head explodes—all in slow motion. But, Bennett wrote, “I also thought a bunch more about the ending. I have to admit that the only resolution I can see to the North Korean nuclear and other threats is for the North Korean regime to eventually go away. . . . I have been clear that the assassination of Kim Jong-un is the most likely path to a collapse of the North Korean government. . . . So from a personal perspective, I would personally prefer to leave the ending alone.”

So much for Obama’s claims that the film is “just a satire.”

But there is more: Lynton responded to the RAND operative: “Bruce—Spoke to someone very senior in State (confidentially). He agreed with everything you have been saying. EVERYTHING. I will fill you in when we speak.”

That “very senior” State Department official is likely Danny Russel, Assistant Secretary of State for East Asia and Pacific Affairs, whom the State Department has admitted held meetings with Sony CEO Lynton to discuss “Asian affairs.” Robert King, Obama’s Special Envoy for North Korean Human Rights, was also consulted on the film—and there may have been others from the CIA.

## More Obama Crimes

These actions constitute clear evidence of criminal acts by Obama and his team under U.S. law.

Executive Order 12333, signed by Ronald Reagan in 1981, and still in force, reads: “No person employed by or acting on behalf of the United States Government shall engage in, or conspire to engage in, assassination.” Earlier, EO 11905, signed by Gerald Ford, banned political assassinations, and EO 12036, signed by

Jimmy Carter, banned indirect involvement in assassinations. Obama cannot avoid guilt through his promotion of this film, and direct or indirect participation in its production.

Even talking about assassinating the President of the United States, let alone making a film portraying it, is a felony crime in this country, and several people have been convicted of precisely that crime. U.S. Code Title 18, Section 871 says that knowingly and willfully mailing or otherwise making “any threat to take the life of, to kidnap, or to inflict bodily harm upon the President of the United States” is a felony. In 2010, for instance, Johnny Logan Spencer, Jr. was sentenced in Louisville, Ky., to 33 months in prison for posting a poem entitled “The Sniper,” about President Obama’s assassination. And yet Obama talks about defending “free speech” through a film ridiculing and assassinating the head of a foreign state—by name.

Even before Obama’s imposition of new sanctions against North Korea Jan. 2, he had already committed an act of war against the North, by having its Internet system taken down over several periods on Dec. 21 and 22. The Administration essentially admitted its responsibility. Marie Harf, the State Department spokesperson (and former CIA spokesperson), asked about the matter on Dec. 22, told the press: “As the President said, we are considering a range of options in response [to Pyongyang’s alleged hacking of Sony—ed.]. We aren’t going to discuss publicly operational details about the possible response options or comment on those kind of reports in any way except to say that as we implement our responses, some will be seen, some may not be seen. So I can’t confirm those reports, but in general, that’s what the President has spoken to.”

Americans must not imagine that these actions are tit-for-tat games with a bizarre leader in a reclusive nation—they are aimed directly at the BRICS nations, in this case China and Russia, and at South Korea, which has refused to sign on to Obama’s mad military encirclement of China and Russia. The result of letting these crimes go unpunished is war. Obama must be held accountable under the law, and America must join in the peace and development paradigm being implemented under the BRICS leadership.

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BANKERS PANIC

# Greek Election Could Herald Change in Europe

by Dean Andromidas

Jan. 2—The possibility of an anti-bailout and anti-austerity government coming to power in Greece, led by coalition led by the left-wing Syriza party and the nationalist Independent Greeks, has sent terror through the European oligarchy, that their Eurozone, the Europe for the bankers, will collapse. It was in Greece, in 2010, that the imposition of brutal austerity began, in an attempt to save the hopelessly bankrupt European banking system. After Greece, came Ireland, Portugal, the fleecing of the savings of Cypriots, and bankers' governments in Spain and Italy. The Greek elections on Jan. 25 could be the beginning of the end of this nightmare.

In a sign of the panic that has struck the financial oligarchy, the City of London's mouthpiece, *The Economist*, under the headline, "Greek Election—The Euro's Next Crisis," warns that the Greek crisis will "unleash fresh ructions elsewhere in the Eurozone," especially France, Spain, and Italy. It nervously asks whether the Greek election will be "Europe's Lehman moment," the trigger for the blowout of the entire system.

Gideon Rachman of the *Financial Times* suggests ending democracy, with his warning that the Greek elections will show that the "Eurozone's weakest link is the voters"—i.e., an electoral revolt against the murderous policies of the European Union.

The German Green Party's former foreign minister, Joschka Fischer, warned that "northern Europe cannot give ground to Syriza.... Any renegotiation [of the debt] would unleash a political avalanche in the southern EU that would sweep away austerity and reignite the eurozone crisis," according to the *Daily Telegraph*.

But many Greeks think otherwise. Leonidas Chrysanthopoulos, a member of the Political Secretariat of the United People's Front (EPAM), a political party opposed to the euro, and the austerity of the Troika's Memorandum of Understanding, told *EIR*, "What Greek crisis? This is a European crisis," adding that Greece will now be able to fight to regain its sovereignty and deal with the humanitarian catastrophe left by the Three Horsemen of the Apocalypse, the Troika of the European Union, European Central Bank, and International Monetary Fund. Chrysanthopoulos is one of the signatories to the resolution "The U.S., Europe Must Join the BRICS," initiated by the LaRouche movement.

After Greece, elections will be held in Spain, Britain, Poland, Denmark, Finland, Portugal, and Estonia, all in the EU and all with growing anti-EU movements and pressures. In Portugal, the new head of the Portuguese Socialist Party, António Costa, is under pressure from his party, which could very well win the election, for a renegotiation of Portugal's own bailout; debt payments there alone constitute 5% of GDP, twice the government deficit.

In Spain, where elections will be held in December, the left-wing Podemos party is leading in the polls. Formed only last year, it won more than 8% in the European Parliamentary elections, allowing it to send five representatives to the Parliament, where it is a sister party with Syriza. Syriza leader Alexis Tsipras has established good personal relations with Podemos leader Pablo Iglesias. In an effort to counter a possible Podemos win, Spanish Prime Minister Mariano Rajoy has been hinting that he may take his People's Party into a coalition with



Creative Commons/Lorenzo Gaudenzi

*Syriza leader Alexis Tsipras: "With the will of our people, the austerity memoranda will ... be a thing of the past in a few days."*

the Socialists. Rajoy has also called for extraordinary parliamentary session in January to debate and pass his reform of the Criminal Code and anti-corruption and party-financing laws. This could lead to surprises.

What now has to come forward in Europe is not just a challenge to the policy of austerity, but a drive to join the world economic development thrust of the BRICS (Brazil, Russia, India, China, South Africa). Europe must abandon the eurozone and create a true credit system, by implementing Glass-Steagall-type separation of commercial and investment casino banking. With this new credit system, backed by the restoration of national economic sovereignty, Europe can then reach out to the BRICS and supply the much-needed scientific and technological aid, backed by low-interest, long-term credit, to help these nations, while putting the millions of unemployed Europeans back to work.

### **Overthrow the Troika's Puppet Government**

The Greek election is occurring 18 months early, because the governing coalition could not elect a new

President, who must receive the support of at least 180 of the Parliament's 300 members. Well before the vote in Parliament, the opposition parties Syriza and the Independent Greeks, announced that they would bring down the treacherous government by voting against the government candidate. Both the ruling New Democratic Party and its coalition partner, the Panhellenic Socialist Party (PASOK) used every means possible to win the vote.

Allegations have been made of attempted bribery. Just prior to the final vote on Dec. 29, the leader of the Independent Greeks, Panos Kammenos, gave a press conference announcing that he had presented evidence to the state prosecutor that one of his party's MPs was approached by an agent of the New Democracy party and offered a EU3 million bribe. The would-be briber had allegedly been a consultant with Deutsche Bank, and had taken part in the negotiations in 2010 that threw Greece into the deadly clutches of the Troika, including the bailout that increased Greece's debt from EU120 billion to over EU320 billion.

While the government has demagogically accused the opposition of just trying to grab power, the fact is that the opposition parties are trying to save Greece from a humanitarian catastrophe caused by four years of implementation of the Memorandum.

This is no exaggeration. On Dec. 18, the Hellenic League for Human Rights (HLHR) issued a damning 80-page report, documenting that the four years of the Troika policy have been a gross violation of the very human rights treaties that are supposedly enshrined in the various European Union charters.

The facts speak for themselves. Between 2010 and 2014, an unpayable debt of 120% of Gross Domestic Product increased to an unbelievable 175% of GDP (EU316 billion). With this debt, came the Memorandum which collapsed the economy by 25%, according to official figures. Unemployment went from 8% to 28% by the end of 2013, with youth unemployment over 60%. Unofficial figures put unemployment at 40-50%. Of the 1.4 million officially registered unemployed, no more than 110,000 receive any benefits whatsoever. The minimum wage was cut by more than 20%, pushing it well below the poverty line. For the first time, a minimum wage has been set for youth, which is close to 50% below the old minimum. In addition to massive layoffs of government workers, their salaries have been cut by 25%, which has in turn driven down wages in the private sector, where payless pay

days have become the norm. Pensions have been cut by 25-45%.

Massive cuts in the health-care system have increased the death rate.

“Unlike finances, human rights and fundamental freedoms cannot benefit from international bailouts,” Konstantinos Tsitselikis, HLHR President told the press conference where the report was released. “Economic and fiscal policies have blatantly disregarded their devastating social impacts and authorities have failed to provide the needed social support.”

### Who Could Lead Greece?

The next government of Greece could very well be ruled by Syriza, led by the 40-year-old Alexis Tsipras, if it manages to win a majority or form a coalition with other anti-Memorandum parties. Both Syriza and the Independent Greeks are committed to overthrowing the Memorandum and implementing emergency measures to deal with unemployment and the financial ruin.

Following the failure of the government to win a majority for its Presidential candidate, Tsipras declared, “The government of Mr. Antonis Samaras, which has plundered the society for two and a half years ... is a thing of the past. With the will of our people, the austerity memoranda will also be a thing of the past in a few days. The future has already begun. Be optimistic and happy.”

Kammenos said that the government that “delivered the country’s national sovereignty, ... [that] governed via e-mails and with orders by the Troika, is now leaving.... We need to apply the Constitution and form a national unity government that will not execute commands of foreigners, but those of the Greek people.... We call for national unity of all forces in the country.”

Tsipras has called for a European debt conference modeled after the 1953 German Debt Conference held in London, which approved a moratorium on Germany’s pre-war foreign debt, thus allowing it to more effectively benefit from the Marshall Plan. The resulting German “economic miracle” helped lift Western Europe out of the postwar economic depression. Such a conference now would deal not only with the Greek debt, but that of other nations as well.

While supporting the debt conference proposals,



LPACTV

*Independent Greeks leader Panos Kammenos speaks with Alicia Cerretani of LPACTV, during a visit to Washington in December 2013, when he lobbied Congressmen to reinstate Glass-Steagall.*

Kammenos’s party has drafted legislation on offering debt relief to homeowners and small and medium-sized enterprises (SMEs). Under the Troika policy, both will be forced into bankruptcy, with homeowners thrown onto the streets and SMEs closing their doors and throwing their employees on the unemployment lines.

Both Syriza and the Independent Greeks support a Glass-Steagall-type two-tier banking system. Last year, Kammenos visited Washington where he held meetings with American Congressmen and lobbied for Glass-Steagall and policies that would help Greece overcome the Troika policies.

The future of Greece depends on Europe fully engaging with the BRICS. Here again, both parties are well placed. Both oppose the anti-Russian policy of the EU and have denounced the “Nazi coup” in Ukraine.

In respect to the BRICS, Kammenos has been the most outspoken. He is one of the signatories of the above-mentioned resolution demanding that the U.S. and Europe work with the BRICS. Leaders of other Greek parties are signatories as well, including Theodore Katsanevas, founder and chairman of the Drachmi Greek Democratic Movement Five Stars, and Leonidas Chrysanthopoulos of EPAM.

Kammenos spoke before the Schiller Institute conference on “The New Silk Road and China’s Lunar Program,” held in Frankfurt, Germany, last October. In a speech entitled “Greece and The Silk Road Economic Belt,” he counterposed the current “Europe of the Bank-

ers” to a Europe of sovereign nations-states, as promoted by the late French President Charles de Gaulle and his Greek collaborator, former Prime Minister and former President Konstantinos Karamanlis, who helped establish the Greek Republic after the overthrow of the military junta in 1975.

Kammenos declared, “The future of Greece could be better if a strategic orientation were taken to establish links with some of the most dynamic economies of the world, and to find new sources of economic support. One of these countries, besides Russia, is China.”

Kammenos then showed how Greece, through its port in Piraeus, facilitates Chinese exports to Europe, the Middle East, and North Africa. China, through its concession to manage and develop the container port in Piraeus, has already made considerable investments, in an arrangement first negotiated by Kammenos himself while a minister in a previous government.

### China Reaches Out

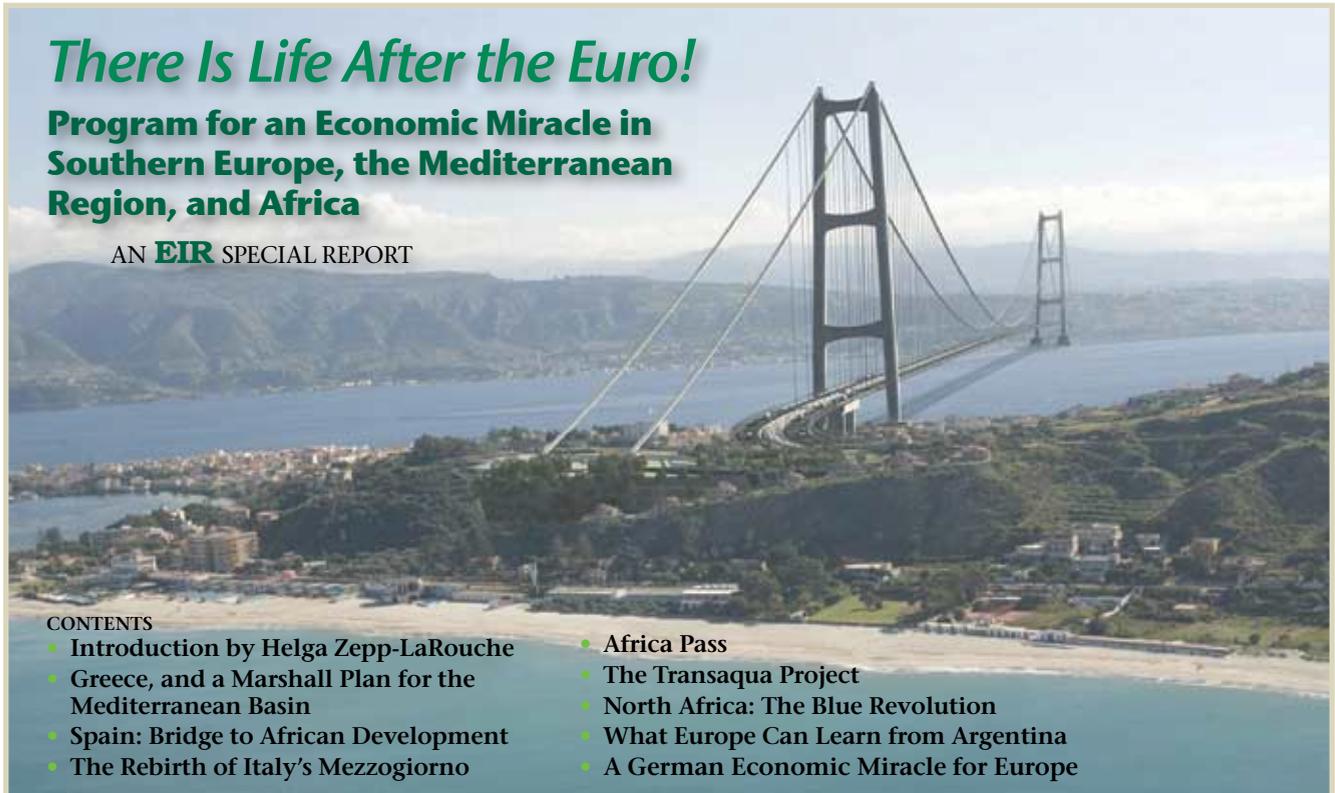
It is significant that only a few weeks ago, on Dec. 16-17, Chinese Prime Minister Li Keqiang was in Belgrade for the third summit of China and the 16 countries

of Central and Eastern Europe, in which Greece was a participant. Li spoke specifically of developing the transportation corridor from Piraeus north through the Balkans, including from Serbia to Hungary and then on to Central and Western Europe.

At the center of China’s proposals is a commitment to help develop the region’s transport and power infrastructure, including railways and power stations, and other industrial projects.

While the European Union is offering nothing for economic development, Li made concrete commitments to the development of the region, including a \$10 billion Special Purpose Loan for infrastructure projects, as well as a \$3 billion investment fund and the establishment of a Renminbi (RMB) Cooperation Fund to help the countries of Central and Eastern Europe to raise RMB securities in China, as an alternative to the so-called international markets.

The battle lines in Europe cannot be clearer: Either it abandons the confrontation against Russia, China, and the BRICS, and abolishes the Europe of the bankers that can only lead to war, or it looks toward a far better future, through cooperation with the BRICS.



***There Is Life After the Euro!***  
**Program for an Economic Miracle in Southern Europe, the Mediterranean Region, and Africa**  
AN **EIR** SPECIAL REPORT

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# Indian Prime Minister: Science Can Unify the World and Advance Peace

by Ramtanu Maitra

Delivering the inaugural address on Jan. 3 to the 102nd Indian Science Congress at the University of Mumbai, Indian Prime Minister Narendra Modi said he has placed science and technology at the forefront of his diplomatic engagement with other nations, because “a nation’s progress and its human development are linked to science and technology.”

Identifying science and technology as the key ingredients for India’s much-needed economic development, Modi told thousands of research scientists, technologists, and administrators who were assembled at the Congress, and the millions of youth who were listening to a broadcast of his address: “Let me say, for a safe, sustainable, prosperous future for India; or global leadership in a knowledge- and technology-intensive world, we need to put science, technology, and innovation at the top of national priorities. I am confident that we can do it.”

Placing the scientists at the center of India’s future, Modi said: “Above all, we must restore the pride and prestige of science and scientists in our nation; revive the romance for science in society; rekindle the love for it in our children; and, encourage our scientists to dream, imagine, and explore.”

Modi’s association with the scientific community, since he assumed power last May, has been wide-ranging. He was at the ISRO (Indian Space Research Organization) Telemetry Tracking and Command Network (Istrac) on Sept. 24 to witness the insertion of India’s Mars Orbiter into the Mars orbit and to congratulate the scientists. In July, he visited India’s prime nuclear research center, Bhabha Atomic Research Center (BARC) at Trombay near Mumbai, and had assured the Department of Atomic Energy (DAE) of his full support in the implementation of its ambitious expansion program. During his visit, he urged the DAE scientists to meet the target of tripling India’s nuclear power generation capacity, from the current 5,780 MW, by 2023-24.

It was only natural that India’s scientific community as well as its citizens, were expecting new directions from the premier in his inaugural speech at the 102nd Science Congress. Modi made clear that he puts India’s science and technology at the heart of diplomatic engagement with neighboring nations in particular, and considers it an essential ingredient in his plan to make India one of the world’s manufacturing centers.

## An Old Institution

The Indian Science Congress is an annual event in which the researchers and science- and technology-related policymakers assemble to discuss the progress made, or their visions for the future, in the areas of their work. While for many years, this annual event often turned into a mere mark on the calendar, the 2015 event was expected to be especially important because of Prime Minister’s earlier exultations about science and technology, and the promises that he had made to the hundreds of millions of youth about making India a manufacturing hub, and thus ensuring them a productive and innovative future.

The first Congress took place in 1914 during British Raj days at the Asiatic Society, Kolkata (then known as Calcutta), with Sir Asutosh Mukherjee, the then vice-chancellor of Calcutta University, as president. The organization, a professional body under Department of Science & Technology, Ministry of Science & Technology, Government of India, owed its origin to two British chemists, Prof. J.L. Simonsen and Prof. P.S. MacMahon.

At the 1914 session, 105 scientists from different parts of India and abroad attended, and the papers represented six areas of scientific work: botany, chemistry, ethnography, geology, physics, and zoology. The five-day (Jan. 3-7) 102nd Congress session, whose theme was “Science and Technology for Human Development,” saw 12,000 delegates attending the sessions, and thousands of papers presented by the Indian



PIB India

*Prime Minister Modi told the Indian Science Congress in Mumbai Jan. 3 that “a nation’s progress and its human development are linked to science and technology,” and that India must develop quickly in order to provide a productive future to its hundreds of millions of young people.*

researchers and the scientific fraternity from across the globe. A large science exhibition was organized at the nearby Bandra-Kurla Complex, which showcased various science and technology innovations by Indian firms and organizations. ISRO and the Defense Research and Development Organization (DRDO) also participated in this exhibition. In addition, the Government of India mounted a major exhibition on the “Make in India” initiative laid out by Prime Minister Modi last August.

### **Modi’s Theme: Science and Technology To Build India**

While every Science Congress has tried to establish a new theme which could be carried forward in the coming days, the 102nd session centered on new developmental initiatives already launched by the Modi Administration. While addressing the scientific community at the session, Modi kept in mind that his principal objective is to lay the foundation for what he proposed

in his Aug. 15 Independence Day speech, delivered from the ramparts of Delhi’s Red Fort.

On that occasion, he said:

“My dear countrymen, the world has changed. Now India cannot decide its future by remaining isolated and sitting alone in a corner. The economics of the world have changed and, therefore, we will have to act accordingly. Government has taken many decisions recently, made some announcements on the budget, and I call upon the world, and call upon the Indians to tell the world that if we have to provide more and more employment to the youth, we will have to promote the manufacturing sector. If we have to develop a balance between imports and exports, we will have to strengthen the manufacturing sector. If we have to put to use the education, the capability of youth, we will have to go for the manufacturing sector, and for this, Hindustan also will have to lend its full strength; but we also invite world powers.

“Therefore I want to appeal to all the people the world over, from the ramparts of the Red Fort, ‘Come, make in India,’ ‘Come, manufacture in India.’ Sell in any country of the world, but manufacture here. We have got skill, talent, discipline, and determination to do something. We want to give the world a favorable opportunity to come here: ‘Come, Make in India.’ And we will say to the world, from electrical to electronics, ‘Come, Make in India’; from automobiles to agricultural value, ‘Come, Make in India’; paper or plastic, ‘Come, Make in India’; satellite or submarines, “Come, Make in India’; our country is powerful. ‘Come, I am giving you an invitation.’”

In the Science Congress speech, Modi praised the successes attained by Indian scientists, mentioning ISRO’s great success putting into Mars’s orbit the Mangalyaan (Mars orbiter) in September, on the first attempt. He said: “I must congratulate [then-ISRO chairman K.] Radhakrishnan’s team—and its accurate prediction of Cyclone Hudhud, which saved thousands

of lives; our nuclear scientists who work for our energy security, and who have also placed India at the Asian forefront in cancer research and treatment. Our achievements give us pride, but they do not blind us to the enormous challenges that we face in India. We are at yet another moment of expectation and excitement, as we were at the birth of independent India.”

### **Broadening India’s Quality Manpower**

However, Modi is also aware that India’s scientific and technological excellence remains primarily confined within a few sectors, and needs to be broadened. Indian scientists have achieved a high level of excellence in the space, nuclear power, agricultural, and medical sciences, and, to a certain extent, in the information technology sector. But, this is still a very thin band on a larger spectrum, and it has prevented India’s manufacturing sector from becoming an engine of growth, and participating in what Modi called “another moment of expectation and excitement,” i.e., the development of India’s ability to bring hundreds of millions of youth into the workforce to realize his “Make in India” campaign. That requires arming the nation’s young people with the knowledge and productive skills that will make them innovative. That also means the immediate necessity to set the stage for a large-scale and long-term development of manpower grounded on imparting scientific and technological skill.

This is what he addressed when he pointed out to the audience of the Science Congress that “a nation’s progress and its human development are linked to science and technology. In more recent times, China’s emergence as the second-biggest global economy is in parallel to its rise to second place in science and technology activities. Science and technology can also remove national barriers, unify the world, and advance peace. It can bring nations, rich and poor, into a shared effort to address global challenges.”

He cited India’s first Prime Minister, Jawaharlal Nehru (1947-64), who launched India’s quest to master nuclear power and space at a time when India, coming out of the 200 years of looting by the British Raj, and with a partitioned subcontinent, was financially weak and virtually isolated from the world. Modi pointed out that it was Nehru who had “placed science and technology at the heart of national development.” “Our scientists launched pioneering research and built outstand-

ing institutions with modest resources that continue to serve us well,” he added.

He continued: “So, when we speak of science and human development, we cannot divorce it from the questions of political decisions; social choices; and of equity, ethics, and access. Human development has been the larger purpose and the driving force of Indian scientific pursuits. And, science has helped shape modern India.”

### **Building a Future for the Millions of Youth**

Addressing India’s youth, he said: “But, the dreams we all share for India will depend as much on science and technology as it will on policy and resources, to make our agriculture more resilient and yield more; to develop appropriate and affordable technologies for rural areas; to do more from every drop of water; and, explore the potential of marine resources. To preserve our biodiversity; and keep our environment clean. To improve health care and develop medicines and medical devices that are within the reach of the poorest. To make clean energy affordable and its use more efficient. To use technology to realize our dream of housing and sanitation for all. To find our own solutions to make our cities cleaner and more habitable. To turn waste into wealth and resources for sustainable infrastructure of the future; to use the Internet to improve human development; to make India a leading manufacturing nation and a hub for knowledge- and technology-intensive industries.”

This was indeed the crux of his speech. He said his thinking is based on what ancient India taught him. “Human civilization has advanced because of the basic human spirit of inquiry and quest for understanding our universe and world,” he said. “It is a search driven by the belief in what our Vedas described as, Satye Sarvam Pratisthanam: ‘Everything is established in Truth.’”

That truth, he said, is: “Science and technology have helped reduce poverty and advance prosperity; fight hunger and improve nutrition; conquer diseases, improve health, and give a child a better chance to survive; connect us to our loved ones and the world; spread education and awareness; and, given us clean energy that can make our habitat more sustainable.” The other part of that truth, Modi pointed out, is: “Science may be the product of the human brain. But, it is also driven by the compassion of the human heart—the desire to make human life better.”

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# Economics in Brief

## *National Economy*

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### **Rousseff: Development And BRICS Are Our Focus**

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Jan. 2—In two speeches delivered yesterday, one during her inauguration as President for another four years, and a second before the National Congress, Brazilian President Dilma Rousseff delivered a clear message to her British imperial enemies. “With the BRICS,” she said, “our global strategic partners—China, India, Russia, and South Africa—we will move forward in trade, in scientific and technological partnerships, in diplomatic actions, and in the implementation of the [BRICS] Development Bank, and also in the contingency reserve fund.”

Rousseff also stated that she will give priority in her foreign policy to Ibero-America’s regional organizations—Celac (Community of Latin American and Caribbean States), which is about to forge an official alliance with China, the Common Market of the South (Mercosur), and the Union of South American Nations (Unasur). All participated in the July 2014 BRICS summit, and are firmly allied with the new global development paradigm.

On cue, the mouthpieces of the dying trans-Atlantic system—the *London Economist*, *Financial Times*, and Reuters—all of which hysterically deny the BRICS even exists, issued a series of threats today predicting Rousseff’s political demise. She will face an untenable economic situation, will have to accept the budget-slashing of her neo-liberal Finance Minister Joaquim Levy, including cutting social programs, and might not survive the bribery and corruption scandal involving the Petrobras oil firm, which the *Economist*, in particular, sees as a vehicle for bringing Rousseff down. The scandal “nearly cost her reelection, and could yet spoil her second term as Brazil’s President. . . . Expect more storms in 2015,” it darkly warns.

The Brazilian President pointedly re-

plied to these hyenas. Speaking to Congress, Rousseff reminded legislators that she lived through brutal military dictatorship and suffered “pain . . . that left scars. . . . *But I am a survivor*,” as are the Brazilian people. That experience, she said, (which included being tortured), “never destroyed my dream of living in a democratic country, or the will to fight to build an ever better country.”

## *Debt*

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### **Gazprom May Issue Bonds In Yuan in Hong Kong**

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Dec. 26—Russia’s Gazprom Chief Financial Officer and Deputy CEO Andrey Kruglov said today that the company may issue bonds in yuan in Hong Kong. According to BRICS Post, Kruglov said that Chinese commercial banks may syndicate loans for Gazprom. “Gazprom’s total debt and debt ratios historically stay at comfortable levels for the corporation, while its cash balances of over \$20 billion reduce its net debt level,” Kruglov said.

Gazprom CEO Alexey Miller met with Industrial & Commercial Bank of China Ltd. Chairman Jiang Jianqing in October to discuss a possible sale of offshore yuan bonds, which could start early in 2015. This conforms to the agreement between Russia and China to use local currencies for their trade.

## *Trade*

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### **El-Sisi China Visit: Development, Silk Road**

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Dec. 27—President of Egypt Abdel Fattah el-Sisi ended his historic four-day official visit to China yesterday, concluding some 25 agreements with the Chinese government and private companies.

*China Daily* reports that the two nations will increase cooperation in energy, including nuclear power, transport, in-

cluding rail and canal projects, and aerospace.

At the beginning of his trip, el-Sisi declared, “Egypt will be a mainstay in the initiative of Chinese President Xi Jinping to revive the China’s ancient Silk Road trade route.” In his speech before the Egyptian-Chinese business council, el-Sisi added that the new Suez Canal Development Project will be crucial in the Silk Road initiative.

A statement by the Egyptian Presidency prior to the visit, declared that the visit will be “marking excellent relations between the two countries. This visit will usher in a new phase of relations between them, as China has expressed an interest in promoting their relationship to the level of ‘strategic partnership’—a level China maintains with only a limited number of countries globally,” Presidential spokesperson Alaa Youssef said in the statement.

El-Sisi’s visit included meetings with Chinese President Xi Jinping in Beijing, and other officials, including Prime Minister Li Keqiang, National People’s Congress Chairman Zhang Dejiang, Minister of Commerce Gao Hucheng, and Minister of the International Department of the Chinese Communist Party Central Committee Wang Jiarui.

El-Sisi extended an official invitation to President Xi to visit Egypt, following an official reception held for the Egyptian President at the Great Hall of the People. The two leaders announced the establishment of a “bilateral comprehensive strategic partnership.”

## *Economic Diplomacy*

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### **Egypt Expands Moves For Regional Development**

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Dec. 31—Egyptian President Abdel-Fattah el-Sisi, extending his diplomatic initiatives in Africa, met Somali President Hassan Sheikh Mohamoud Dec. 29, in Cairo. According to a statement from the Egyptian Presidency, el-Sisi and Moham-

# Briefly

● **GERMAN COMPANIES** doing business with Russia are being devastated by the sanctions imposed by the United States and Europe, and the weak ruble, according to Volker Treier, the managing director of International Economic Affairs at the Association of German Chambers of Industry and Commerce, who spoke with *Bild am Sonntag* Dec. 21, as reported in RT. He said that one in three companies will have to fire employees or cancel projects.

● **CENTRAL JAPAN** Railway on Dec. 17 launched the first phase of its Chuo Shinkansen superconducting maglev line between Tokyo and Nagoya, which will eventually be extended to Osaka, reported the *Railway Gazette*. Construction of the 286-km line between Tokyo and Nagoya will take about 10 years. Operating speed will be 500 km/hr, reducing the time for the trip from 90 minutes by the current bullet train to 40 minutes.

● **RUSSIA'S ROSATOM** will cooperate in the construction of the first nuclear power plant in Jordan, the Russian government website announced Dec. 25. The facility will consist of two 1,000-MW plants, with the first to be operational by 2024, the second, in 2026. Rosatom will own 49.9% of the shares and Jordan 50.1%.

**RUSSIAN PRESIDENT** Vladimir Putin ● will make an official visit to Egypt in January, as cooperation between Egypt and the BRICS continues to expand. Egyptian President Abdel Fattah el-Sisi announced the visit, in an interview published in Egyptian newspapers.

● **TOSHIBA CORP.** is likely to win the contract to build a nuclear reactor for Kazakhstan, *Yomiuri Shimbun* reported Jan. 2. If the deal is completed, it will be the first time a Japanese company has exported a nuclear reactor to a former Soviet republic.

oud discussed Somalia's ongoing fight against "terrorist militias," and the Somali government's drive to establish control over the entire territory of Somalia, some parts of which are held by foreign-controlled and -armed militias.

The Mohamoud visit is part of el-Sisi's continuing diplomatic initiatives to end conflicts throughout the region, a necessary precondition for its economic development, with the help of the BRICS New Development Bank and related institutions.

Further Egyptian diplomatic initiatives are afoot. In the second part of an interview yesterday with *Al-Ahram*, *Al-Akhbar*, and *Gomhouria*, el-Sisi said he will visit Ethiopia before the end of January, as well as three Gulf countries. Ethiopian diplomats have indicated that el-Sisi's first visit to Ethiopia, to meet the Ethiopian Prime Minister Hailemariam Desalegn, is considered to be "historic."

## Ebola

### Africa Outbreak Far From Under Control

Dec. 30—Tolbert Nyensuwah of the Liberian Health Ministry announced Dec. 28 that from Dec. 1 to Dec. 25, there were dozens of new cases of Ebola in the Liberian county of Grand Cape Mount, which is along the Liberian border with Sierra Leone.

The announcement broke the illusion in the rest of the world that in Liberia the infection rates were diminishing, and that Liberia was on track to bring the disease under control. As a result of that illusion, and despite the increase of the epidemic in Sierra Leone, the world's preoccupation with Ebola, which began in August, has largely dissipated. Despite the jarring implications of Tolbert's report, the global media coverage of his statement was still extremely limited the next day.

Tolbert, the assistant minister for preventive services and the head of Liberia's Ebola response, announced that Liberian

authorities would join with their international partners, who have been in the forefront of providing services to fight Ebola in the impoverished nation, and UN agencies, to go to Grand Cape Mount County, one of the most sparsely populated counties in the country, to open an Ebola Treatment Unit (ETU).

With a very limited road infrastructure, it will still be difficult for health-care workers to get people to the ETU. The lack of basic infrastructure, including roads and safe water supplies, is rarely mentioned in Western policy-making and news coverage about the fight against Ebola.

Once the additional ETU is installed, a further problem for the Liberians will be the lack of health-care workers in these remote regions, where the number of victims since the beginning of the epidemic outbreak is not even known, as UN officials have been pointing out since August.

## Bio-Technology

### India-Egypt Cooperation In Science, Technology

Dec. 31—Egypt is developing closer cooperation with India, the "I" in BRICS. On Dec. 22-23, the 3rd Joint Committee Meeting on Science and Technology was held in Cairo, where the representatives of the two countries signed an agreement to create an "Executive Program" for cooperation in science and technology, according to an official statement released by both governments.

The program, which will cover 2015-18, involves establishing joint research and development projects, exchange of visits by scientists, training programs, and scientific workshops and conferences.

The planned areas of cooperation are agricultural biotechnology and enzyme biotechnology, nano-technology (materials sciences and sensors), and information and communication technology (e-health, e-education, and e-governance).

# The New Silk Road Becomes The World Land-Bridge

The BRICS countries have a strategy to prevent war and economic catastrophe. It's time for the rest of the world to join!

This 374-page report is a road-map to the New World Economic Order that Lyndon and Helga LaRouche have championed for over 20 years. This path is currently being charted by the nations of the BRICS (Brazil, Russia, India, China, and South Africa), which are leading a dynamic of global optimism toward real economic development, complete with new credit institutions and major high-technology projects for uplifting all mankind.

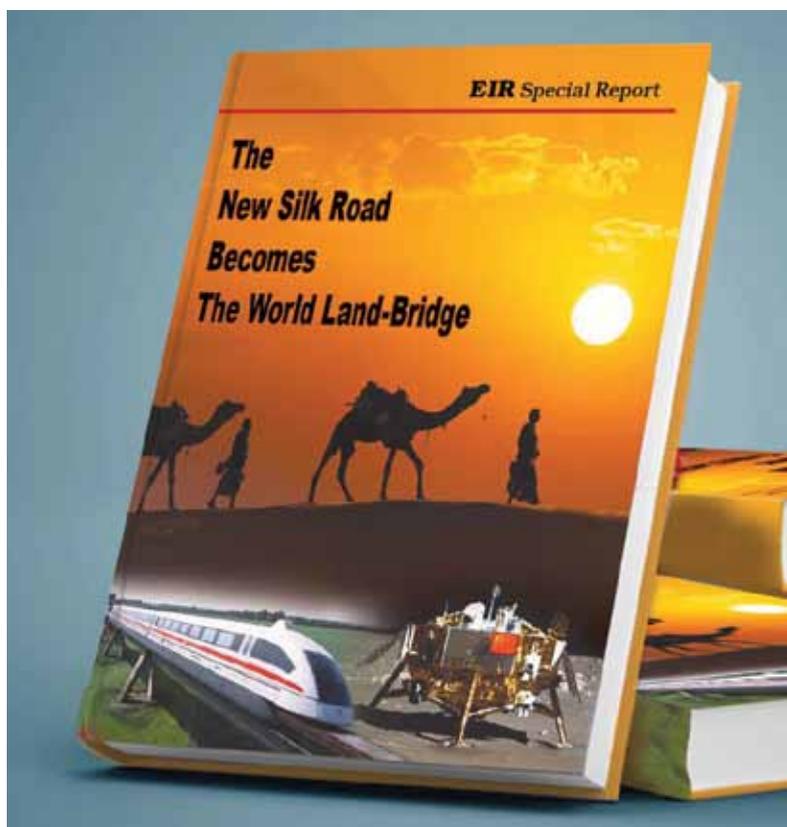
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NICARAGUA'S CANAL

## The Maritime Silk Road Comes to the Americas

by Gretchen Small

Jan. 5—With the Dec. 22 initiation of preparatory work for the western terminus of the Great Inter-Oceanic Canal across Nicaragua, one of the largest civil works projects ever undertaken on the planet is now underway.

The construction of the new passage across the Central American isthmus, connecting the Pacific and Atlantic Oceans, is designed to accommodate the largest cargo ships today constructed; but the process of building the canal itself can go further, transforming relations between the Americas and Eurasia, long before its projected completion date of 2020.

HKND President Wang Jing, head of the private Chinese company in charge of the project, noted in his speech on Dec. 22 to the ceremonies marking the start of the project, that Nicaragua's Great Inter-Oceanic Canal has an historic role to play in the great modern Maritime Silk Road which China, and many nations with it, are now creating, to the mutual benefit of all along its route.

Plans for building a cross-Nicaraguan canal have been "on the books" for at least 120 years. It is not any technological advance which has now made it possible to build, but rather, the new dynamic unleashed by China's New Silk Road projects and the decision of the BRICS countries—Brazil, Russia, India, China, and South Africa—to work together to ensure the development not only of themselves, but of humanity as a whole.

Addressing the opening ceremonies, Nicaraguan President Daniel Ortega identified the aid of the Chinese people (Nicaragua does not have diplomatic relations with the People's Republic of China), and the related shift that has taken place in Ibero-America within the BRICS dynamic, as what made it possible to turn the idea of the canal into reality.

"Today we are a region where we defend the principle of sovereignty, where we hold up the region as a region of peace, and therefore it is not an accident that this project is being carried out when, in our Americas, we have succeeded in making this great historic leap towards integration and unity of all our peoples," Ortega said. Eighty-five years ago, Augusto Sandino, who was leading Nicaraguan resistance to U.S. military occupation at the time, pointed to the strategic importance of a Nicaraguan cross-isthmus canal, in a 1929 manifesto sent to the Presidents of the nations of Ibero-America, Ortega pointed out. Now we are unified, and it can happen.

The Chinese people "have not come to Nicaragua with occupying troops.... They have come to share their resources, their capabilities, their development, their technology, their science... with the Nicaraguan people," he said. Through this "meeting of two peoples, the glorious people of China with the glorious Nicaraguan people," Nicaragua can totally eliminate poverty.

FIGURE 1  
Route of the Great Inter-Oceanic Canal



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### Revolutionizing the Caribbean Basin

Sweeping Central America and the Caribbean Basin into that new world dynamic through Nicaragua’s east-west canal project, and soon thereafter, the north-south passage through Central America of the World Land-Bridge rail project, should give special pleasure to many people around the world, for it will free an impoverished region, oppressed for centuries by the British Empire and its disgusting Wall Street and Confederacy minions, filibusterers included.

The British Empire seized upon the region centuries ago as a geopolitical chokepoint against the spread of the American Revolution and its anti-oligarchic principles. The subsequent centuries of looting, through slavery, and banana and coffee plantations, and the modern-day slavery of cheap-labor assembly plants, the drug trade, and expulsion of millions in search of work, have led to today’s unconscionable levels of unemployment (in Honduras as high as 60-70%); malnutrition (nearly half the population in Guatemala); the highest murder rates in the world in Honduras, Guatemala, and El Salvador at the hands of bestial drug gangs; and the resulting mass migration, such that up to a third of the people of El Salvador have emigrated.

Now China and Chinese companies, and other nations and interests committed to a human, anti-imperial outlook, have made it possible for Nicaragua, a not-yet-industrialized nation of some 6 million people, to embark upon a great project that will not merely provide jobs, but will offer its youth “the possibility of being actors, . . . protagonists of social transformation . . . [which] gives meaning to their lives,” as Great Canal Commission spokesman Telémaco Talavera so beautifully put it in his interview with *EIR* (see below).

Excitement is growing throughout Central America, in labor, business, and political circles, as the project becomes a reality. An article, “Navigating Nicaragua’s Great Canal,” published in Cuba’s *Juventud Rebelde* daily on Aug. 8, 2014, went one step further, and outlined a perspective for transforming the entire Central American-Caribbean Basin into a hub

of world development through the construction of numerous cross-isthmus routes.

*Juventud Rebelde*’s international journalist René Tamayo argued that when both the Nicaraguan Canal and the expanded Panama Canal are fully operational in the next decade, the increase in the commerce going in both directions between Asia, the Americas, and the Atlantic, and Europe “will produce a radical change in the economic structure of the Caribbean Basin. And it won’t be only in the turnover of the ports and air and ground transportation, but also in manufacturing for export and import substitution, agriculture, tourism, new technologies.”

Countries like Cuba, with its Mariel Special Development Zone and its agreement with China to build a multipurpose terminal at Santiago de Cuba’s port, are preparing for this new perspective, he wrote. The same is happening in the half-dozen megaports in the region. Mexico and Colombia, and the Central American nations in between, are each drawing up plans to build “dry canals”—road or rail links—across the isthmus. Whichever of all these eventually gets built, they will generate “a regional industrial, agricultural, and services synergy from which the people and the economy will benefit. A hopeful panorama.”

Tamayo dismissed all talk of geopolitical confrontation. “The economic potential of this route will absorb most of the frictions which it will produce. China is the principal investor; Russia will participate, but the United States is also interested. I think the three countries, when the time comes, will say: ‘This is not personal; this is business.’ The alarmists ought to take this into account.”

A most interesting assessment to have come from within Cuba, a few months before the long-overdue agreement to reestablish U.S.-Cuban relations had been concretized.

## British Snipers Take Aim

Constructing the canal, and within its projected five-year timeframe, is an ambitious undertaking.

Preying on backwardness, British and Wall Street assets have put out the line for the past two years that a Nicaraguan canal is a *cuento chino*, a fairy-tale, which will never happen, will never get financing, isn’t viable, etc., etc. Now that it *is* getting underway, the British Crown’s ecologist apparatus has gone into high gear, as have the Project Democracy “color revolution”-types, manipulating the fears of the peasants and small farmers who live along the canal route, and face resettle-

## Wang Jing: Silk Road Inspires Grand Canal

*Wang Jing is the chairman and CEO of HKND, the Chinese company in charge of the Great Inter-Oceanic Canal project. Here are excerpts from his speech on Dec. 22 in Managua, Nicaragua, at the inauguration of the project.*

...2,100 years ago, brave Chinese sages explored and established the Silk Road, which helped to promote the progress of human civilization and benefit the prosperity of many countries and nations. Most importantly, the great spirit of the Silk Road ... remains in history with full vigor over 2,000 years. The Silk Road represents mutual benefits, inclusiveness, and progress; it lays the core value of world civilization, and makes it possible, that after 2,000 years, we can still enjoy a colorful and prosperous society.

The ancestral mark remains in the blood and the heart of Chinese companies. Our Chinese people are making a great contribution to the world in the new era by building a new Maritime Silk Road of the 21st Century. This has been our great engine, and the source of our courage and confidence to develop the Grand Canal of Nicaragua.

The distinguished President Daniel Ortega and his government give high importance to the livelihood of the Nicaraguan people, placing the highest priority on combating poverty, with sustainable de-



Xinhua/John Bustos

*Wang Jing at a conference in Managua, July 7, 2014.*

velopment and environmental protections. The desire and enthusiasm of the Nicaraguan people to overcome poverty, to pursue happiness, and to build a better country, are the most powerful guarantee for the success of our project.

Today we began the start-up work for the Grand Canal Project. ... Though there will be more obstacles to overcome, there is no turning back for a discharged arrow. ...

Let us bless and create immortal glory for the Maritime Silk Road of the 21st Century, which will carry the dream and happiness of future generations, and promote through Nicaragua a deeper integration and mutual prosperity of East and West. Let’s work hard together!

ment. The appropriately named U.S. news site the *Daily Beast* went so far on Nov. 30, 2014 as to suggest that an armed revolution might stop the canal.

The very day the canal work started, the British activated their networks in Colombia, in an attempt to mobilize that country to use its historic border dispute with Nicaragua over the San Andres archipelago in the Caribbean, against the canal. Well-known British asset and former Colombian Foreign Minister Noemí Sanín, together with former Vice Justice Minister Miguel Ceballos, announced on Dec. 22 that they had filed a complaint with UNESCO, claiming that the canal threatens the Seaflower Biosphere Reserve, which encompasses the disputed islands. Sanín and Ceballos demanded that Colombian President Juan Manuel Santos join them in attacking the canal as a threat to Colombian sovereignty.

The Seaflower Biosphere Reserve, administered by UNESCO and the Colombian government, is itself preposterous: The reserve purports to encompass not only 350,000 km<sup>2</sup> of sea and included islands, but also the people who live within it!

Meanwhile, the international media has poured out so many lies about the canal that you would think it was Vladimir Putin in disguise. For example, it is constantly written that the canal project is dubious because of “the little known” HKND company and its owner, Wang Jing. Has anybody noticed that HKND’s partners in the project are some of China’s most advanced water management, rail, civil aviation, and port design companies?

Responsibility for designing the canal route proper, for example, is held by the Changjiang Institute of Survey, Planning, Design, and Research. That is the institute which designed China’s huge, successful Three Gorges Dam project and the now-completed middle section of China’s great Move South Water North project. China Railway Siyuan Survey and Design Group is the lead design contractor for the project, and in charge of the road sub-project design; Civil Aviation Engineering Consulting Company of China has responsibility for the design of the airport sub-project; and CCCC Second Harbor Consultants has responsibility for the design of the ports sub-project.

Belgium’s SBE engineering company, specializing in locks and hydraulic engineering, and Australia’s MEC Mining have joined as partners in the project; and a top executive from the Netherlands’ Boskalis company, currently also working on the Suez Canal

expansion, was present for the opening ceremonies in Rivas.

U.S. Chamber of Commerce Vice President Jodi Bond met with President Ortega and others in July 2014, after the canal route was announced, to discuss U.S. participation, but U.S. companies have yet to jump on board this great opportunity.

### Canal Project Parameters

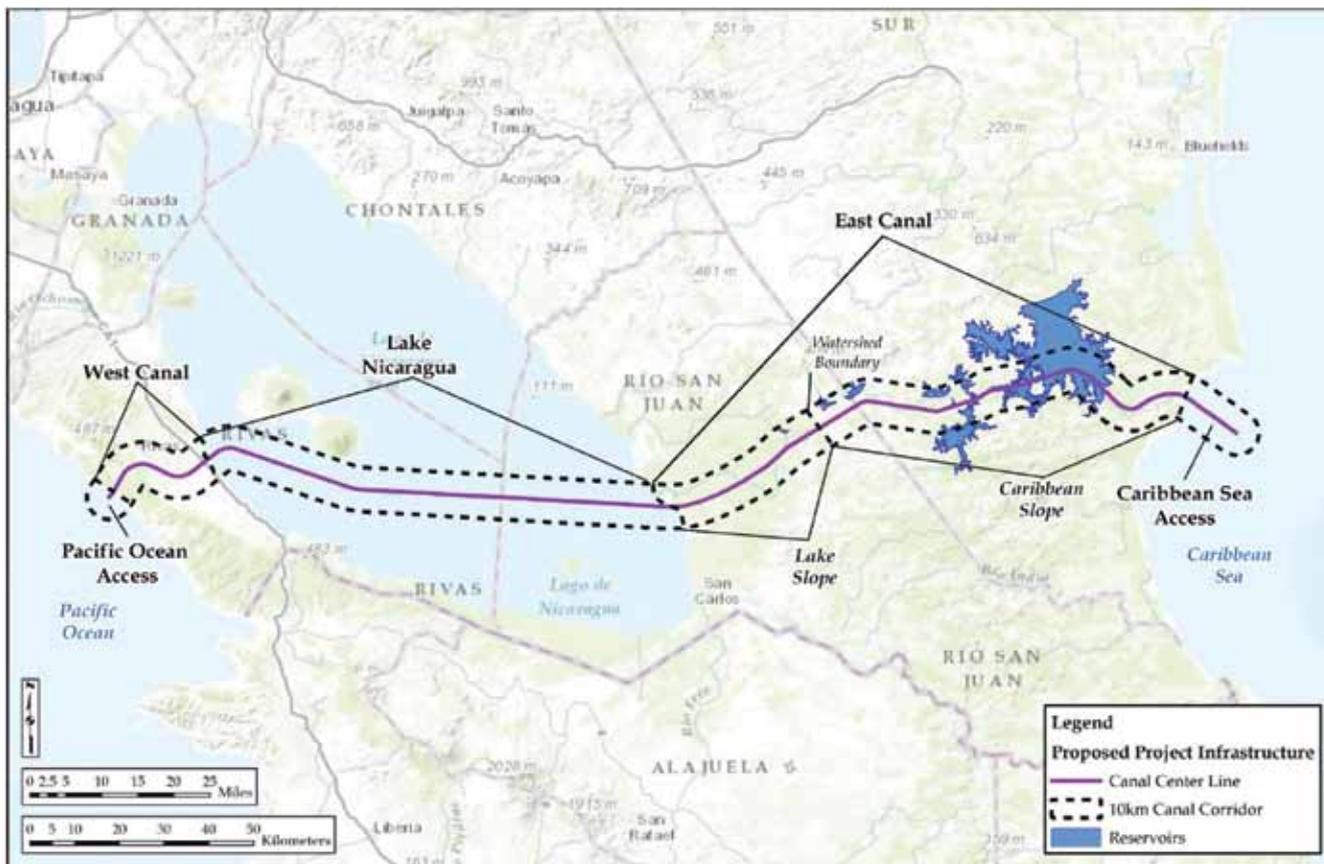
The 85-page “Nicaragua Canal Project Description” released by HKND in December 2014, available on the company’s [website](#), outlines the parameters and challenges involved in the basic project: the construction of the canal, two locks and associated impoundments; ocean breakwaters, plus an interior dam and dike; minor improvements in two existing ports on the Pacific and Caribbean, plus constructing two entirely new ports, capable of berthing giant cargo ships; access and maintenance roads, and a bridge over the canal for the Pan-American Highway; power generation and transmission facilities; two cement plants and associated aggregate quarries; and so on.

The airport, tourist facilities, and free trade zone which are planned to augment the canal after it becomes operational are left for future development.

The project will be the largest civil earthmoving operation in history, with an estimated 5,000 million cubic meters of material to be excavated from the ocean and sea entrances on both ends, from the Lake Nicaragua bottom along the canal transit route, and from the land canal itself.

Each of the three main segments of the canal—the 25.9 kilometers from the Pacific to Lake Nicaragua; the 106.8 km crossing the lake itself; and the 126.7 km from the lake eastward to the Caribbean terminus—has its own challenges. There are better access and weather conditions for the shorter, Pacific segment, but special engineering measures must be taken there because of seismic activity in this area. The lake segment presents difficulties in getting large dredging equipment into the lake, the largest in Central America, which requires careful environmental handling. The eastern canal segment, where the largest amount of earthwork must be carried out, presents significant logistical, weather (highly rainy), and water management challenges, because it passes through a largely undeveloped area, where even road access will have to be built. Further engineering studies are being carried out on some parts of the project.

FIGURE 2  
**Canal Segmentation Landscape**



Source: HKND Group

Then there are the locks: the Nicaraguan Canal’s two locks will be the largest ever constructed, extending more than 1.5 km in length and more than 400 meters across. They will consume most of the 10 million cubic meters of concrete the project is estimated to require overall, and transporting the lock gates to their final locations will be a challenge.

HKND intends to secure food, worker camp supplies, and aggregate and other materials needed for the construction of buildings and structures, from within Nicaragua, to the extent possible. The opportunities for Nicaraguan agriculture, for example, will be huge. According to some reports, HKND has told Nicaraguan producers that 37.5 tons of rice, 25 tons of vegetables, and 12.5 tons of meat will be needed *daily* to feed the 50,000-person workforce. Plans are under discussion for using the excavated topsoil to create productive farmland and pasture land along the canal route.

Given the lack of development in Nicaragua and Central America generally, however, an estimated 21 million tons of materials and supplies will have to be imported, most of that through the existing ports of Corinto and Bluefields, which are not adjacent to the canal route. This includes more than 2,000 pieces of major construction equipment, more than 4 billion liters of diesel fuel, about 1 billion liters of bunker fuel for the dredgers, plus explosives, and millions of tons of cement and steel.

Recruitment and training of a skilled workforce will be another monumental task, as Canal Commission spokesman Talavera discusses in his interview.

Preparatory work required at both ends of the canal before canal construction proper can begin, is scheduled to be carried out through September 2015, when construction is to begin in all three canal segments simultaneously.

# Nicaragua Canal: ‘Great Project of Physical and Human Transformation’

*Dr. Telémaco Talavera, president of the Agrarian University of Nicaragua, and spokesman for the Nicaragua Great Inter-Oceanic Canal Commission, gave the following interview to Gerardo Castilleja, of EIR’s Mexico City Bureau, on Dec. 20, 2014. It has been translated from Spanish.*

**EIR:** Let’s talk about the physical-economic aspects of the new Nicaragua Canal. To manage the country that will result from the building of the new canal, the education system will have to be restructured; the Nicaraguan educational program and training programs for skilled labor will offer more than 300 new under- and post-graduate programs, and relations have already been established with universities from different countries.

You, yourself, headed a delegation that visited the Mining University of China, which is involved in feasibility studies for the new canal. How do you see this process?

**Talavera:** All the economic, social, and environmental sectors of Nicaragua will have a new reality, starting with the phase of construction, and in the implementation of this great project of physical and human transformation, which is the Great Inter-Oceanic Canal. We have to redefine education at all levels, from the first, primary, to technical and higher education. Science, technology, and innovation also have to be redefined for Nicaragua’s new reality.

To improve quality, we are preparing skilled labor, and technical and professional experts for this new reality, not only for construction, maintenance, and related



*Dr. Talavera: “The BRICS are a growing reality, a group of emerging countries with great potential in the world, which is playing an important role, and cannot be pushed aside. . . .”*

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works, but for all the economic aspects and services which a different economic and social reality require. In consultation with universities in this region, such as the International Maritime University of Panama and the Technological University of Panama, those in Spain, and the world, not only in China, we really are addressing the new challenges in education at all levels, but especially higher technical education.

We’ve spoken about offering 315 new courses of study, but we have to work on bringing up to date the already trained technical experts and professionals for the challenges of the new reality now with the canal. Some technical experts and professionals will

need specialization in specific areas which are going to be required in Nicaragua’s new economic, scientific, and technological dynamic, and new technical experts and professionals will have to be educated in fields which we do not yet have.

When we speak of 315 new programs, a wide range of specialties, and new degrees, and post-graduate degrees are involved, to be carried out over the next five years, not only across the university spectrum, but also in Nicaragua’s national technological universities. There are fields in which we have to bring in specialists from around the world to be able to educate the educators, and send talented young people and Nicaraguan professionals to different parts of the world to specialize in areas of interest for this new reality.

Education and health will have new opportunities

and challenges, and human resources will have to be educated. Thus, production, the environment, infrastructure, and services will also face new opportunities and challenges. Tourism and services will have to be redefined. All this requires reevaluating human resources, bringing them up to date, and offering new opportunities. New knowledge through research, innovation, and a new policy will be required, which Nicaragua will work on hand-in-hand with institutions from around the world.

Already in 2014, we have had graduates' and other people's skills upgraded, but lawfully this will take off in 2015, and into the future. Although construction of the canal is estimated to take five years, after which it will begin operating, a canal is something not limited in time. For example, the Panama Canal began operations 100 years ago, and now is at its peak; thus, we have to plan for the short-, medium- and long-term, in a world that is changing in scientific, technological, and commercial terms.

### **A New Economic and Social Dynamic**

**EIR:** How will the canal affect its Central American neighbors? Do you think it will be necessary to import workers?

**Talavera:** Nicaragua has established national reconstruction as a policy of state, under the leadership of Commander Daniel Ortega, which has also been accepted by Hong Kong Nicaragua Canal Development Investment Company (HKND Group). So, we are going to prioritize, first, the hiring of workers and specialists on a national level; secondly, on a regional level, and thirdly, on an extra-regional level, if there are no Nicaraguans available.

Since Nicaraguans have been forced to emigrate to other countries in the region, or elsewhere, to seek opportunities, now there will be opportunities for Nicaraguans, and for workers and specialists from different parts of the world, but especially from this region, as a political priority, to employ them in this new, intense dynamic in Nicaragua.

Moreover, I should point out that the issue is not just jobs, but we will also make national companies a priority, and if these don't have the economic, technical, or financial capabilities, then they will associate with international companies to increase their skill levels by working hand-in-hand with those foreign companies in the operation and construction of the canal. We'll need skilled workers and specialists from the region, but we'll

prioritize national and regional companies able to participate directly, or in a consortium, with other international companies. This will thus unleash a new economic and social dynamic for Nicaragua and for the region, in terms of services, workers, and the business sector.

**EIR:** What are the implications for Nicaraguan agriculture to be able to provide food for workers? Initially, you'll have 50,000 workers. Will you have to import food?

**Talavera:** There are two issues here. A few days ago, someone asked, what do farmers have to do with the canal? Nothing, they said. But of course, they do have a connection with it, for different reasons. One, if personnel come from different parts of the world, they have to be fed, and the raw material has to be produced in Nicaragua. If there are Nicaraguan workers now in other countries who come here to work, they have to be fed.

Moreover, in Nicaragua there are important segments of the population whose food security and sovereignty are not fully guaranteed. Many of our people live in poverty. If we improve their living conditions, consumption of food and services will increase. So we are going to need more agricultural products. Certainly, in some cases, we'll have to import products, primarily from neighboring countries, while we develop our productive capabilities.

So, it will be a combination of things: increase our productive capabilities, which will be important for our producers and workers; but, we also have to increase the demand for products that we don't produce, or we don't have in sufficient quantity, and this will create opportunities for producers in the region or in other parts of the world.

Undoubtedly, the demand for a flow of workers, tourists, investors, and improvement in the living conditions of Nicaraguans will increase. So this will spark a dynamism in the agricultural sector to produce more and better. We will undoubtedly have to continue exporting some agricultural products, as well as expand imports, to meet the growing demand in the country.

### **Geoeconomics and Great Projects**

**EIR:** What is your view of Chinese President Xi Jinping's vision of great projects, based on the "win-win" principle? Do you think that Nicaragua's perception of China is different from that of other countries?

**Talavera:** First, let me point out that despite the po-



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*Nicaragua, along with Latin America and the Caribbean, said Dr. Talavera, “is a country, and a continent, of youth,” who can be “the drivers of transformation.” Shown: Children participate in a workshop in Esteli, which provides artistic and cultural education for youth.*

aspects of the world economy. For example, the Nicaraguan Great Canal Project will allow companies from North America, Europe, Asia, and Central America to reduce the time for moving export and import products. It will reduce costs because the distance is shortened, but also because they are going to be able to use the large, more efficient ships that are now being built. It will reduce greenhouse gas emissions such as CO<sub>2</sub>, and thus will have a positive environmental impact, something that carries great weight in the world today. China, the U.S., and other countries see this, and are interested. Thus, these great projects are a strategic vision of transformation, and contribute to invigorating other great projects that have been launched in the world.

litical or ideological differences that still persist in the world, we live in a reality that is different from the time of the Cold War. Mainland China and the United States not only have financial and trade relationships; I would venture to say that they are practically interdependent in trade and financial terms. We have gone from geopolitics, which dominated the world during the Cold War, to geoeconomics, without denying—and I insist on this—the political and economic differences; but it’s geoeconomics that fundamentally predominates.

Mainland China and Taiwan of course don’t have diplomatic relations; they have diplomatic conflicts, but in economic terms, an enormous pragmatism prevails. There are Mainland companies in Taiwan, and vice versa. The Taiwan Strait is one of commercial interchange. So, these great projects can be the driver of aspects of the world economy and of economic growth.

However, in the Nicaraguan case, these great projects are also seen as drivers of the micro-economy, because Nicaragua has a combination of what we call macro-micro: We have the macro-level of infrastructure, energy, and communications; the macro-transformation of production and services, but also the transformation of the economic and social aspects on the level of the family and the community.

On a global scale, these great projects are drivers of

**EIR:** Approximately 20 years ago, the revolutionary idea of the World Land-Bridge was established, as a platform for development that will begin with the New Silk Road, which was a hot topic of discussion at the recent APEC [Asia Pacific Economic Cooperation] meeting. In fact, a \$40 billion fund for the New Silk Road has been set up. How does the Great Nicaraguan Canal fit into that perspective?

**Talavera:** As I said, the Nicaraguan Canal will not substitute, replace, or compete with other great transformative projects, such as those you mention. Nor will it even compete with the Panama Canal, once its expansion is complete. Rather, it will serve as a driver of these other great projects, and will even contribute to the expansion of the Panama Canal. The Nicaraguan Canal, as I said, should be viewed from the standpoint of complementarity and synergy with the great infrastructural, economic, and social transformations occurring in the world. It will serve as an incentive, or, as Costa Rican President [Luis Guillermo] Solís said, a driver for these other great regional and world projects.

### The BRICS Are a Growing Reality

**EIR:** Chinese President Xi Jinping has invited the United States to join the New Silk Road development program, and to abandon, as you said, the policy of confrontation, in particular, the targeting of Russia and

China. Here at *EIR*, we think this is an excellent initiative. In fact, we have publicized internationally the names of prominent individuals who have signed the call for the United States and Europe to find the courage to reject geopolitics and collaborate with the BRICS. What is your view of this initiative? In the context of what the BRICS have created, do you think that nations as important as the U.S. and Europe must join this call?

**Talavera:** I would say that, not only can they join, they must join this initiative, because we really can no longer live in a world of confrontation. We truly have to make the logic of respect for sovereignty, for self-determination, for the freedom of peoples to have their own views and their own economic and social vision prevail in the world.

The unipolar or bipolar world that we have today cannot prevail. The BRICS are a growing reality, a group of emerging countries with great potential in the world, which is playing an important role, and cannot be pushed aside—which should not be pushed aside. These nations should not be ignored or underestimated by the United States and Europe, because otherwise, over time, that would really backfire against them. This is a reality which is moving forward.

So indeed, I believe we must put an end to that imperial view, that arrogant view of being the owners of the world, and that everybody else has to be at their feet or be subordinated to them. Instead, we must promote cooperation, respect in the whole world, beyond specific aspects and natural and necessary differences in culture, politics, religions, etc., so that the whole world can really advance toward a society which has lower levels of poverty, of marginalization, of environmental deterioration, and more peace—peace not only as the absence of armed struggle, but really as the respect that must exist among peoples and countries.

It goes without saying that the world is changing. In fact, the agreement concluded just two days ago between the governments of the United States and Cuba reflects that change. This is a new reality, that after 50 years, they realized they can't continue with the same failed policy. This is not a policy which contributes to the well-being of nations or peace in the world, and thus must change.

In that context, I would say that Europe and the United States not only can, but must continue changing toward becoming promoters of peace, and not consider themselves the rulers of the world, above the very sov-

ereignty, self-determination, or views of other peoples and countries.

## A Continent of Youth

**EIR:** To conclude, I'd like to ask you a somewhat more subjective question. You are the president of an important university, Nicaragua's Agrarian University, and thus you deal directly with young people. Could you talk to us about optimism among Nicaraguan youth? Because Mexican youth, in particular, are very demoralized. I understand that in the United States, one of the reasons driving young people into drug use is a profound pessimism in which they see no hope for the future. What is happening with Nicaraguan youth today?

**Talavera:** Thank you for that question, because I feel this is a crucial issue.

First, Nicaragua, Latin America, and the Caribbean face a very particular situation. Basically, this is a country, and a continent, of youth. Youth represent a potential to construct and to build, but they also face a high risk of choosing paths that lead them to harm themselves, their families, and society. In Nicaragua's case, I want to underscore a key strategy—as part of our human development plan, as part of the strategies promoted by the national reconciliation government, the universities and society as a whole—to strengthen that vision, that dynamism and initiative which characterize youth, so that they can be the drivers of transformation. And as I tell them, they can not only be the future of Nicaragua, but also the present and the future in Nicaragua.

When we say that Nicaragua is in its best moment, it's not because we don't have multiple problems and difficulties, but because we've advanced a great deal and we're moving in the right direction. The goal is within our reach, but we'll never attain it if we're not moving in the right direction; and at this time, youth in Nicaragua are a fundamental motor for change.

Many achievements in the areas of health, education, natural disaster prevention, building of peace, etc., would not have been possible in Nicaragua at this time, had we based ourselves on a monetarist logic. In economic terms, Nicaragua continues to be one of the poorest countries in the region, although with an enormous wealth potential. But, we've been able to make progress because, of course, we have a political structure, a human development plan, and because, in large measure, we have youth with that dynamism and energy

which feels hope, and sees the possibility of being actors, of being protagonists for social transformation. And that gives meaning to their lives.

Now, contrary to this vision, in other countries or in Nicaragua itself, even were young people to live in better economic conditions, but felt they had no future to build, or weren't moving in the right direction, that is their frustration. It creates the possibility that they'll choose the wrong path—drugs, delinquency, vagrancy, etc.—instead of working to develop art, culture, and other healthy activities, and use that energy, that vision, creativity, and innovation, to be able to say: “We are going to be builders, we are builders of a better society for ourselves, for our families, and for society.”

Unfortunately, this is not the view in many countries, as in our beloved brother-country of Mexico, whose friendship we value so much. In Nicaragua, I feel that one of our crucial strategies has been to understand, value, and situate young people as the driver of economic, social, and human development—of current and future change. I should add that, in addition to youth, we greatly value our women, who play a critical role, and for this reason, Nicaragua has gone from 90th place to 10th place in terms of gender equality. For three years in a row, we've been in first place in terms of building gender equality.

Thus, women and young people (of course, without ruling out all members of society, including men) are the fundamental protagonists in the building of a new society—present and future—so that Nicaragua, along with the rest of the world, moves in the right direction, and that our youth not be an example of self-destruction, or the destruction of the family and society, as we now are unfortunately seeing in many parts of the world.

### ‘Let Us Move Forward!’

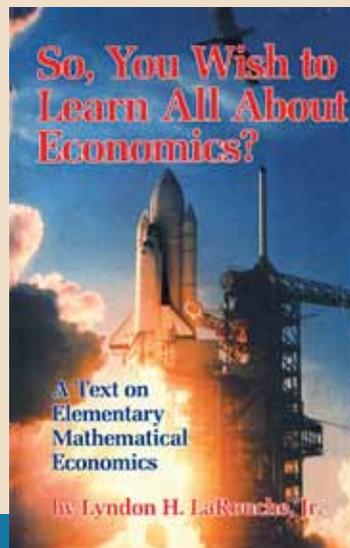
**EIR:** Dr. Talavera, I need not say how much we appreciate your time. You should know that the majority of the readers of our magazine are in the United States, and I think it would be very important for them to look beyond their own borders to see the profound change taking place, and that, as in other periods of U.S. history, the population be able to grasp the historic role of a United States that collaborates with other nations, guided by the principle established by Franklin D. Roosevelt—that nations can establish a system of mutually beneficial cooperation. Are there any final words you'd like to direct to our readers in

the United States?

**Talavera:** From the nation and government of Nicaragua, from the Nicaraguan educational sector, I greet the American people, and I say that you are a people who have a great historical opportunity to also contribute to economic, social, and human transformation, and to do so with respect—respecting the dignity of each nation, of each person. You truly have that great opportunity: not to continue imposing and increasing levels of marginalization and inequality in the world, but to be real promoters of greater degrees of justice, equality, solidarity, and cooperation.

From the South, we appreciate the American people; but we also want to be appreciated and respected, and that together as brothers, beyond our political views or religious beliefs, we be able to move forward in a world that is diverse—diversity as potential—but also more dignified and just for each and every one of us, without distinction, where we will come together in peace and dignity, in Nicaragua and in the world.

I greet you with great affection and love. Let us continue together with respect. To the noble American people we say, *Adelante!* Let us move forward!



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# China and the Coming Revolution in Global Cargo

by Dennis Small

On Dec. 22, 2014, Egypt's President Abdel Fattah el-Sisi arrived in China for a four-day state visit, in which a central topic was cooperation between the two countries on Egypt's New Suez Canal project. On that same day, preliminary work officially began on the construction of Nicaragua's Great Inter-Oceanic Canal, a \$50 billion, five-year great infrastructure project led by China's HKND company. The two events, and their suggestive coincidence in time, point to a revolutionary reshaping of the face of the planet's principal cargo flows, which is occurring under the impulse of the new global development system that is being created by the BRICS nations, with China in the lead.

If you take a step back and look at the future trajectory of the planet's production and cargo flows as a whole, as the Chinese government and its BRICS allies are clearly doing, it becomes immediately evident why it is necessary to build the Great Inter-Oceanic Canal in Nicaragua, the New Suez Canal, and the World Land-Bridge more broadly—all as platforms for a profound technological leap into the era of thermonuclear fusion power, centered on the mining of helium-3 on the Moon.

China's spectacular physical-economic growth since 2000 has meant that its *per-capita* production of steel has leapt six-fold, iron ore by 540%, and coal by 250%—just to take some leading industrial indicators—and that world shipments to China of coal, iron ore, grains, oil, and other products have grown similarly. If, in the coming 10-15 years, the BRICS agenda takes hold over the entire globe, as it must, with the required participation of the United States and Europe in that planetary mission, there is no reason that similar per-capita rates of growth cannot be generated for the remaining 80% of the world's people (China's 1.4 billion people today represent about 20% of the planet's 7.2 billion inhabitants).

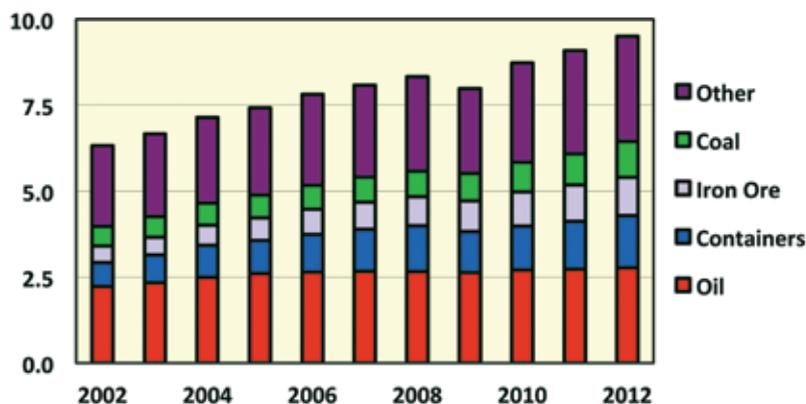
If the world's current technological platform of pro-

duction and cargo trade were to remain essentially unchanged, our current system would then have to handle, not today's 11 billion tons of total cargo, of which 10 billion (90% of the total) is shipped by maritime trade, but some 50 billion tons of cargo. *That cannot be done* without the new Nicaraguan and Suez canals, and the World Land-Bridge of high-speed cargo trains running from the tip of South America through the Darien Gap in Panama; on through Central and North America; across the Bering Strait into Russia and Eurasia; down into China and Southeast Asia; over into Western Europe; and down into Africa through a tunnel under the Strait of Gibraltar.

But the current technological platform must and will change as well, with the advent of the age of plentiful thermonuclear fusion power, in ways we will indicate below. Our purpose here is to present a picture of broad global physical-economic cargo flows, as a kind of "bill of materials" of the current physical-economic process, a baseline which points to the necessary *changes* in technological platform, with attendant leaps in energy-flux density both of production and transport.

As with any bill of materials, this only tells you how much of X, Y, and Z, in physical units, you need to produce A, B, and C: It is a kind of input-output table under the current technological mode. It does *not* tell you how to change that bill of materials as the economy is up-shifted. That problem is addressed, Lyndon LaRouche has long emphasized, by starting with a concept of the required future of the planet—of where you need to be in a generation or two—and then work backwards. Often, the conclusion you reach is that *you can't get there from here*, given present parameters. That is the case, however, only if your "here" starting point is defined in terms of the present, and then linearly extrapolated forward in time. If, however, the "here" is conceived of as the future-defined potential of the physical

FIGURE 1  
**Global Maritime Trade**  
 (Billions of Tons)



Source: HKND

economy, most emphatically including man’s unique ability to create and revolutionize science and technology, then your entire perspective changes.

That is what China and the rest of the BRICS are doing; that is what the United States and Europe are not doing.

To be a bit more specific: China has embarked on the planet’s most ambitious scientific endeavor, which involves space exploration leading towards the mining of helium-3 on the surface of the Moon. Since He-3 is the ideal fuel for thermonuclear fusion power, which will make pretty much all other forms of energy production secondary, if not obsolete, it is safe to say that the planet’s critical cargo route of the future will be Earth-Moon shuttles to mine and transport He-3 back home.

If you look back at the Earth today from that future standpoint, the proper question to ask is: What do we have to do to shift the technological platform now, to invest to make that required future possible, and to make it happen on schedule? With the process that the BRICS have launched, we are already on our way.

### China Dominates Global Trade

We turn to look at elements of the global cargo trade, as measured in tons—and only tons. Why?

If you want to think about real economics, including planning our species’ survival, the worst thing you can do is try to measure things in monetary units. Gross domestic product (GDP) is a meaningless measure, or worse, both because any mathematical representation of an economy is axiomatically flawed (inasmuch as it

rules out human creativity, which is the driving force of an economy and the only actual source of value), and also because the British Empire has insisted that pure evil be given a monetary value and included in GDP calculations—to wit, the European Union’s latest regulations that require member-nations to include prostitution and drugs in their GDP figures.

Figure 1 shows the major components of global maritime trade from 2002 to 2012. Maritime trade, which reached some 9.5 billion tons in 2012, constitutes fully 90% of total world trade. The overall volume of maritime trade grew by about 50% over the decade, with its major components being:

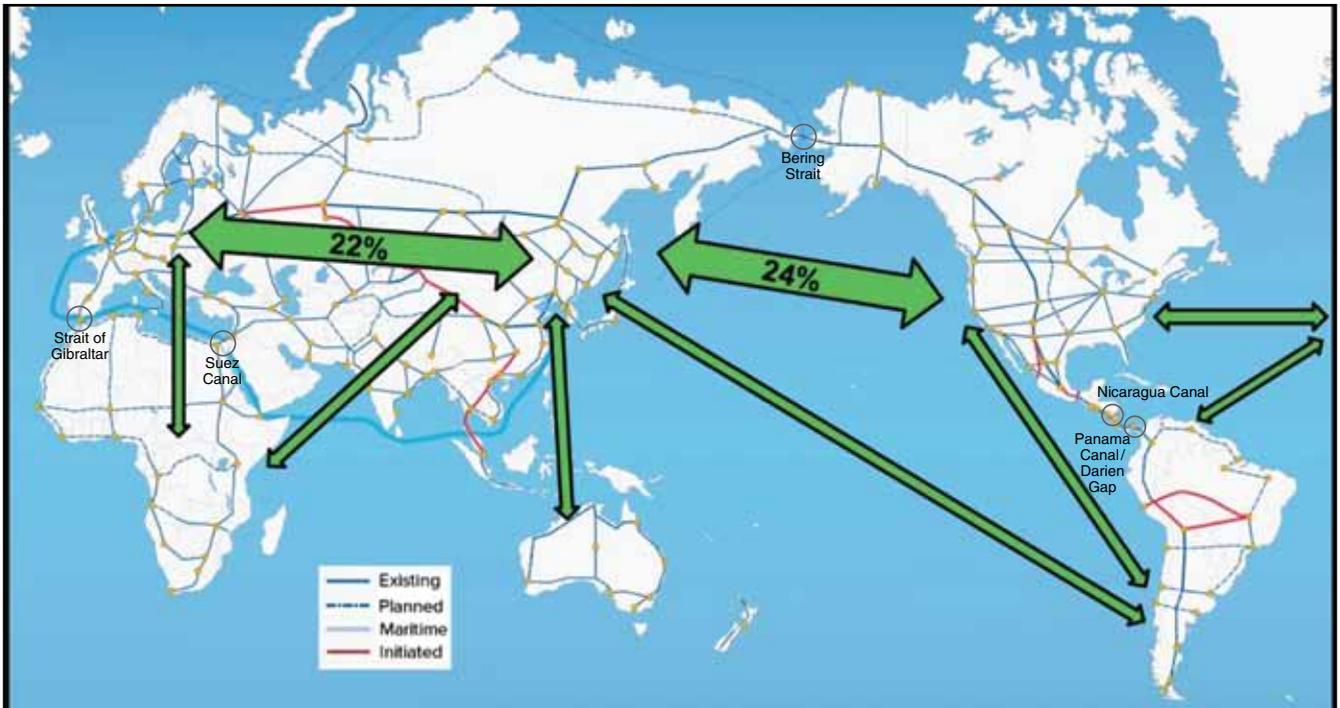
	% of Total, 2002	% of Total, 2012
Oil	35	29
Containers	11	16
Iron ore	8	12
Coal	9	11
Other	38	33

The growth of container maritime shipping is particularly notable. It is flexible in terms of inter-modal transfers (e.g., to rail), and it is efficient in terms of economies of scale. Given the relatively large amounts of time and energy required to transport cargo overseas, it has become advantageous to design and build ever-larger container ships.

For example, China’s CSCL company just completed the maiden voyage of the world’s largest container ship, the *CSCL Globe*, with a capacity of 19,100 TEU (twenty-foot equivalent units—the international standard used to measure container ship capacity). The previous record-holder was Maersk’s *Majestic* of Denmark, at 18,270 TEU. Built for CSCL by Hyundai Heavy Industries of the Republic of Korea, the *Globe* is the first of five such ships on order. The *CSCL Globe* is equipped with a single, electronically controlled 77,250 hp engine, which consumes about 20% less fuel per TEU than smaller ships.

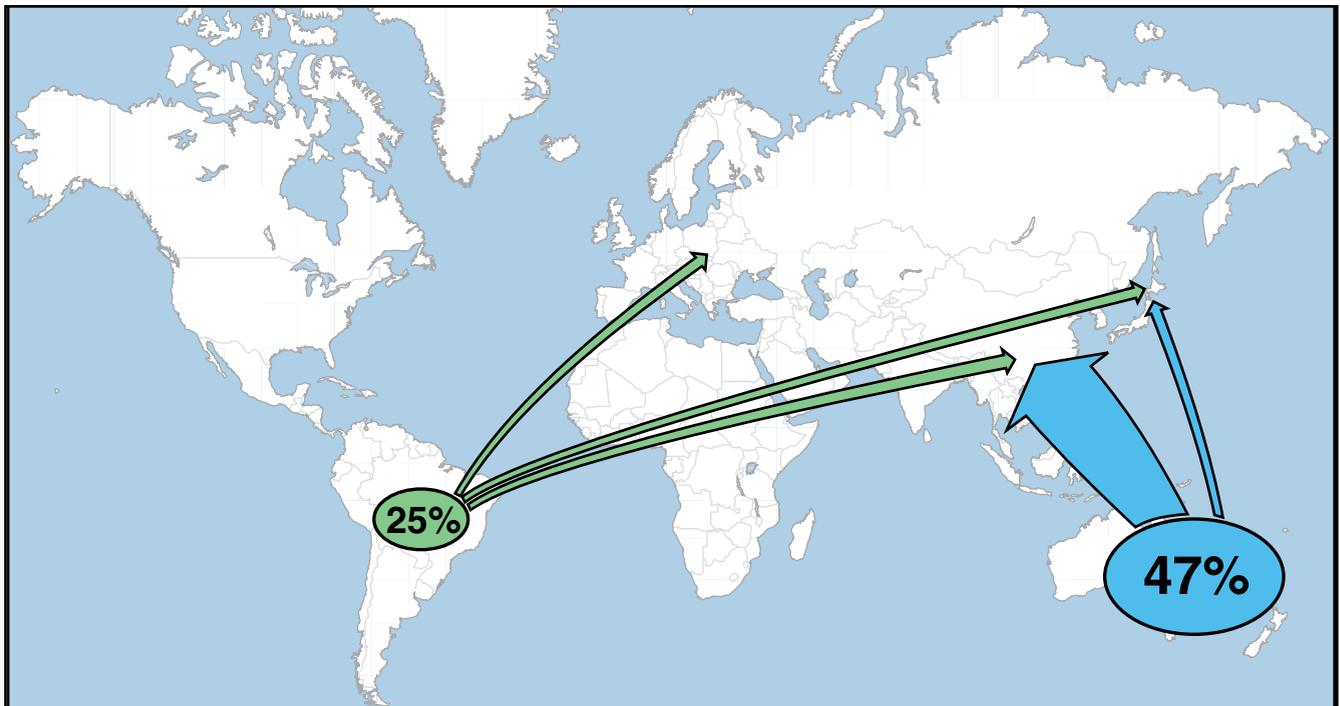
Nearly half of all world container traffic flows from Asia eastward to the United States (24%) and westward to Europe (22%), as shown in Figure 2. (The arrow in this second case is not meant to indicate that the containers actually travel overland, since the vast majority actu-

**FIGURE 2**  
**Principal Container Traffic Flows, 2011**  
 (% of Total)



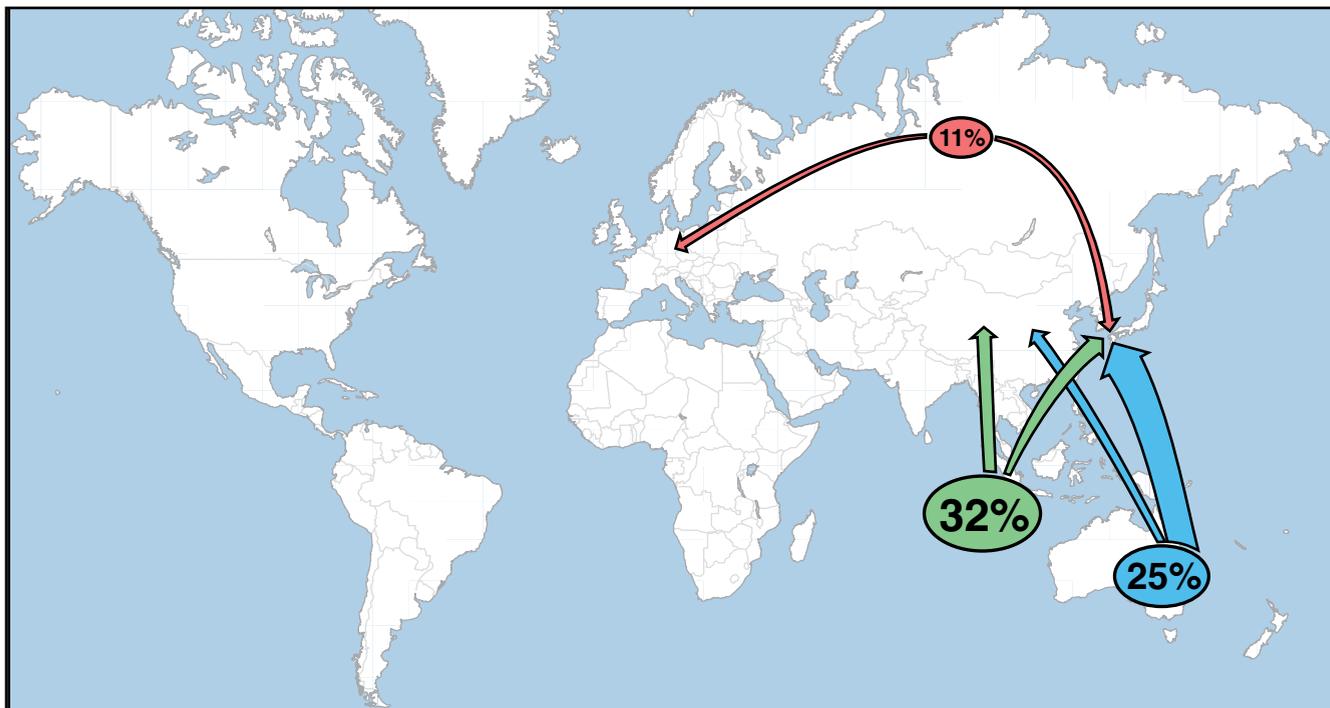
Source: Statista

**FIGURE 3**  
**Principal Iron Ore Export Flows, 2013**  
 (% of Total)



Source: Statista

FIGURE 4  
**Principal Coal Export Flows, 2013**  
 (% of Total)



Source: WCA

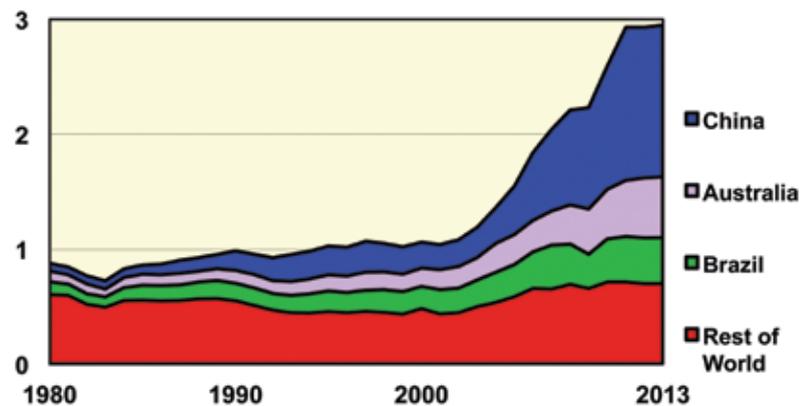
ally follow a maritime route, such as the one indicated as part of the Maritime Silk Road.)

A second dynamic category of maritime trade is iron ore, which grew from 484 million tons in 2002, to 1,110 million tons in 2012, and an estimated 1,300 million tons in 2013. Here the driving force has been China's skyrocketing steel sector, with attendant requirements for iron ore above and beyond the substantial amounts they produce domestically. Today, the two largest iron ore exporters, Australia and Brazil, account for nearly 75% of the world total—and the lion's share of that (63%) goes to China, and secondarily to the Asian economies of Japan and South Korea (see **Figure 3**).

A similar picture applies to coal, with Indonesia being the world's principal exporter, with 32% of the total, followed by Australia (25%) and Russia (11%). Again, China is the leading destination, along with Japan and South Korea (**Figure 4**).

But as large as China's imports of iron ore and coal are, they are dwarfed by China's domestic production of these raw materials.

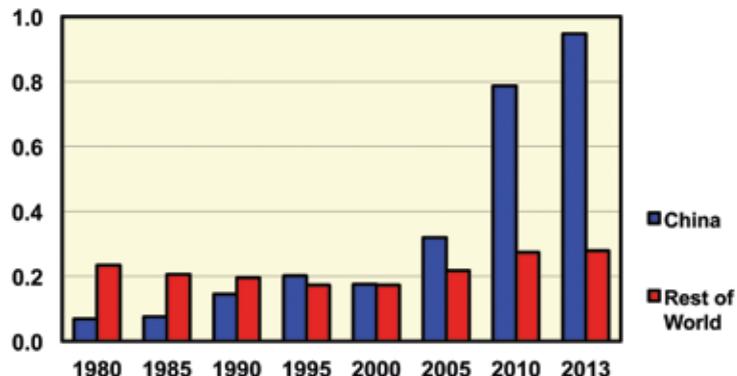
FIGURE 5  
**Total World Iron Ore Production**  
 (Billions of Tons)



Sources: UN, USGS.

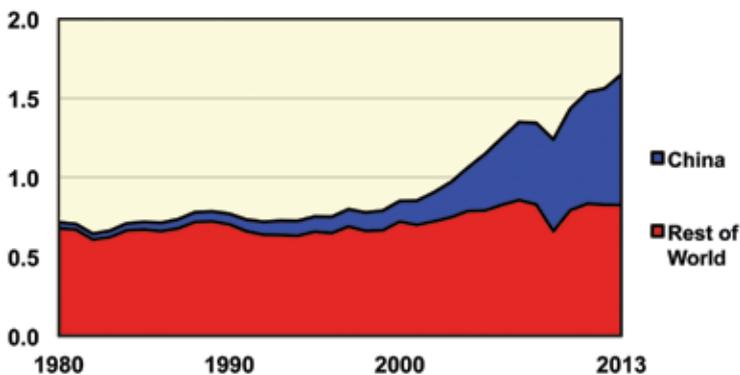
In the case of iron ore, China's imports of 820 million tons are about two-thirds the amount it produced in 2013 (1,320 million tons). As **Figure 5** shows, China's production of iron ore exploded after 2000, rising from 231 million tons in that year to 1,320 million tons in 2013—a 570% increase in 13 years! In 2000, China

FIGURE 6  
**World Iron Ore Production Per Capita**  
 (Tons)



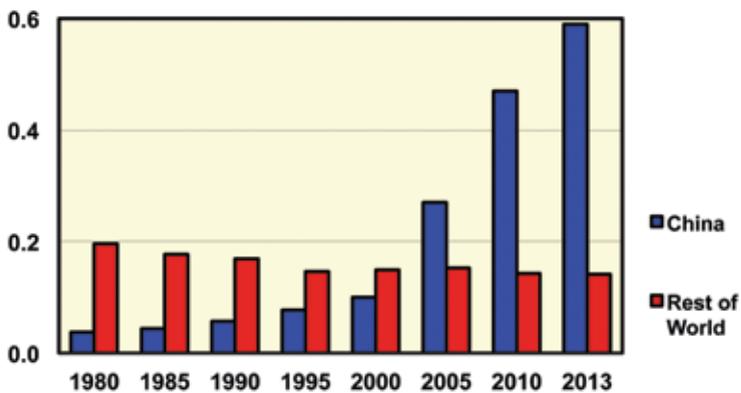
Sources: UN, USGS.

FIGURE 7  
**Total World Steel Production**  
 (Billions of Tons)



Source: WSA.

FIGURE 8  
**World Steel Production Per Capita**  
 (Tons)



Source: WSA.

produced 20% of the world's iron ore; today it produces 45%.

Although you might be tempted to argue that China's predominance is principally due to its large population, that is not the case, as a comparison of changes in *per-capita* production in China and the rest of the world clearly shows (Figure 6). From 1980 to 2013, China's per-capita production of iron ore soared from 68 kg in 1980 to 947 in 2013, an increase of 1,291%. The rest of the world stagnated, going from 234 kg to 279 kg in that same period. China's per-capita iron ore production today is more than three times greater than the rest of the world, having started at three times *less* back in 2000.

A comparable picture exists in the case of coal, where China's production rose sharply after 2000, and now accounts for 47% of global production.

Steel is even more dramatic. China's total production rose by nearly 650% from 2000 to 2013: The 822 million tons produced it last year was half of total world output (Figure 7). And its per-capita production of steel rose by a whopping 1,500% between 1980 and 2013, while the rest of the world *declined* on a per-capita basis, to the point where China's performance is more than four times higher than that of the rest of the world (Figure 8).

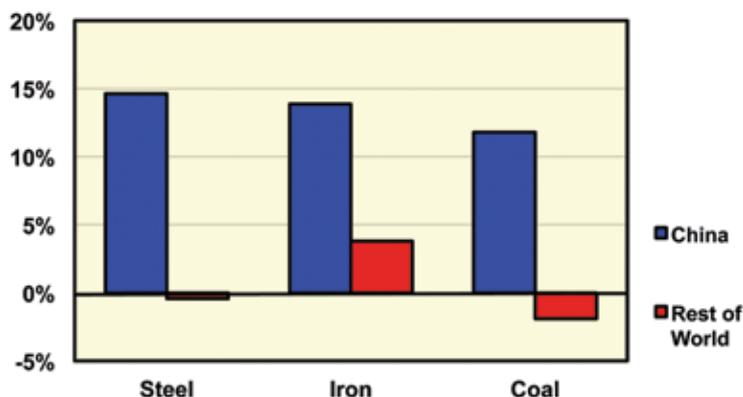
In Figure 9 we summarize the findings for these three, essential industrial products. Over the 13-year period from 2000 to 2013, steel production per capita grew by an average 14.6% in China, while the rest of the world showed an average annual decline of 0.4%; for iron, China grew by 13.9% per year on a per-capita basis, while the rest of the world grew by only 3.8%; and per-capita coal production showed an 11.8% per-capita annual rise in China, but in the rest of the world it fell by 1.9% per year over this period.

These are among the stark numbers behind Chinese President Xi Jinping's invitation to the United States to join with the BRICS in unleashing this kind of economic growth globally, which he issued at a joint press conference with President Barack Obama on Nov. 12, 2014, at the APEC summit in Beijing. Are American political leaders in Congress and the White House

FIGURE 9

### Growth of Production Per Capita

(Average per Year 2000-2013)



Sources: UN, USGS, UNCTAD, EIA, WCA, WSA.

really so stupid—or so pathetically puppets of the British Empire—that they are prepared to reject this offer for joint economic development, and instead sink with the bankrupt trans-Atlantic financial system?

### A Glimpse of the Future

Why is the Nicaraguan Great Inter-Oceanic Canal a necessity for global development? Just consider what the picture of iron ore tells you about global production and shipping patterns. Brazil today exports some 330 million tons of iron ore, or 25% of total world exports, largely to China. The Brazilian government announced at the end of 2014 that it is investing to increase its output of iron ore by 50% over the next five years. Brazil’s Vale do Rio Doce, which handles the enormous Carajás iron ore mine in northeastern Brazil, has already placed orders with various Chinese and South Korean shipbuilders for 35 new cargo ships, with a maximum capacity of some 400,000 deadweight tons (DWT) each—way more than current cargo ships handle. Although DWT and TEU are not strictly convertible metrics—DWT measures tonnage; TEU measures volume—industry standards estimate about 14 tons per loaded TEU. That means each Vale cargo ship is roughly the equivalent of a 28,000 TEU container vessel.

Table 1 compares capacity and other features of some of the world’s major canals: the current Panama Canal; the expanded Panama Canal, after a third set of locks is completed in 2016; the current Suez Canal; the expanded Suez Canal, scheduled to be completed later in 2015; and Nicaragua’s Great Inter-Oceanic Canal, which will take some five years to build.

The coming changes are dramatic. The current “Panamax” (maximum size of a ship that can pass through the Panama Canal) is about 5,000 TEU; the expanded Panama Canal will be able to handle ships more than 2.5 times that size, or some 13,000. Even that is dwarfed by the Nicaraguan Canal, which will be able to handle ships up to 25,000 TEU—five times Panamax. Already, the China-led revolution in maritime shipping is affecting the entire spectrum, from ship sizes, to port capacity, to dredging and bridge modifications, to railroad links. In the United States, major projects are underway in the ports of New York, Baltimore, Norfolk, Savannah, Miami, and Long Beach, among others.

Brazil’s new iron ore cargo vessels will be too large to go through the expanded Panama Canal, and even the expanded Suez Canal. But they can be handled by the Nicaraguan Canal. This strongly suggests that the current maritime shipping route from Belem, Brazil (which is very close to Carajás’s principal port of São Luis) to Shanghai, China—which currently goes eastward across the Atlantic, rounds Africa’s Cape of Good Hope, and then traverses the Indian Ocean towards

TABLE 1

### Comparison of Panama, Suez, and Nicaragua Canals

	Current Panama Canal	Expanded Panama Canal	Current Suez Canal	Expanded Suez Canal	Nicaragua Canal
<b>Date in Service</b>	(NA)	(2016)	(NA)	(2015)	(2019)
<b>Length (km)</b>	77	77	193	193	278
<b>Maximum size (TEU)</b>	5,000	13,000	14,000	20,000	25,000
<b>Maximum size (thousand DWT)</b>	65	180	200	280	400
<b>Ships/day</b>	30	60	49	97	25
<b>Transit time (hours)</b>	8-10	8-10	18	11	30
<b>Estimated cost (billions \$)</b>	(NA)	5.3	(NA)	8.4	50

Sources: EIR, HKND, pancanal.com, suezcanal.gov.eg

FIGURE 10

**Belém to Shanghai Maritime Routes**



Source: searates.com

China—will instead go westward, once the Nicaraguan Canal is in operation, proceeding through the canal and across the Pacific, directly to Shanghai (see **Figure 10**). The current route, according to maritime shipping experts, takes an estimated 36 days to cover 22,800 km; the new route will be a shorter 20,500 km and take only 32 days—a saving of more than 10%, which is highly significant in physical-economic terms, given the magnitudes involved.

But that is only the beginning of the revolution in global cargo that is underway. Although it will remain necessary for another 20-30 years to ship bulk cargo such as coal and iron ore from one part of the planet to another via maritime routes, container traffic—which is already 16% of the total, by volume, and is the fastest-growing component—is another matter. Containerized cargo is ideal for shipment by high-speed rail along the World Land-Bridge, once it is completed, especially since the contents of containers are often of higher value per unit weight, and also require more rapid transportation to their destination.

To get an idea of the horizons that the World Land-Bridge will open up, in terms of both passenger and freight movement, look at **Figure 11**, a map displaying a polar projection of the Earth. For containerized freight

that needs to be moved from, say, Los Angeles to Shanghai, the maritime shipping route following a great circle is about 11,000 km, and takes about 17 days. That same route on the World Land-Bridge is also close to a great circle and likewise stretches some 11,000 km. But the difference is that a high-speed train, traveling at a modest 250 km per hour, will complete the trip in about two days—about a tenth the time it would take by ship! The physical-economic benefits of improving global cargo transit times by an order of magnitude, can scarcely be exaggerated.

But it can be superseded, with yet another set of technological leaps.

First of all, the required revolution in nuclear energy, both fission and fusion, will quickly show the physical-economic absurdity of shipping enormous quantities of petroleum and natural gas from one corner of the Earth to another, which today accounts for 29% of global maritime trade by volume. Those shipments, in any event, are primarily used as instruments for global speculation on futures markets, not for satisfying actual energy requirements. As Lyndon LaRouche has long advocated, nuclear energy will quickly relegate petroleum to its proper role as an industrial feedstock for the production of plastics and other goods, as opposed to

FIGURE 11  
Los Angeles to Shanghai, Maritime vRoutes



Source: searates.com, EIR.

the inefficiency of its use as a fuel—let alone a heavy one that has to be hauled long distances. That conversion to nuclear will not wipe out the entirety of the 2.8 billion tons of oil that was shipped in 2012, but it will certainly reduce it dramatically, freeing up shipping capacity for more productive uses.

Another major component of global freight flows is grain, and this too will have to change dramatically. The British Empire has succeeded in destroying the food self-sufficiency of most parts of the planet, and turned food into a weapon in the hands of their giant food cartels, such as Cargill and Archer Daniels Midland. With adequate supplies of energy made available, and with the major water management projects that will accompany the World Land-Bridge, a doubling and even tripling of world food production can be achieved in short order (*EIR*, June 6, 2008), concentrating on achieving food self-sufficiency in what are today the most impoverished regions of the planet. As with oil, there is no physical-economic justification for transporting massive amounts of grain for long distances, when it can be produced more efficiently locally. And as with oil, today these flows are principally used for speculation and profiteering, while millions of people are condemned to hunger and starvation.

Nuclear energy will also be used to power future cargo ships. Some such ships have been developed over recent decades, but they are generally out of service at this time. Although the speed of the ships will not be materially affected by that change alone, going nuclear will dramatically reduce the total weight that the ship has to transport, by eliminating the need to carry its own heavy bunker fuel with it. A non-nuclear cargo ship is as economically inefficient as a non-electrified railroad: Why in the world would you want to drag your own fuel around with you, when other options are available?

But it is only with the advent of a full fusion economy, as helium-3 is mined on the Moon and shipped back to Earth, that the true revolution will take shape. The fusion torch, which is capable of cheaply producing pretty much all needed raw materials *in situ*, literally from waste products, will entirely redefine the nature of cargo on a planetary basis, up-shifting the nature of what is transported into the domain of scientific and high-technology products, in a manner befitting a global division of labor of such an economy.

That is the vista before us, if the United States and Europe come to their senses and join the BRICS planetary economic revolution.

# Will Saudi Role in 9/11 Finally Be Revealed?

by Nancy Spannaus

Jan. 5—Momentum is building toward breaking the Obama Administration’s stonewalling on the release of the classified 28 pages of the Congressional Joint Inquiry on 9/11 report which deal with the financing of the mass murder of Americans in the 2001 terror attack. According to former U.S. Senator Bob Graham, who co-chaired the Inquiry, those pages “point a strong finger at Saudi Arabia.”

Over the course of 2014, a core group of Congressmen, led by Reps. Walter B. Jones (R-N.C.), Steven Lynch (D-Mass.), and Thomas Massie (R-Ky.), carried out an intensifying mobilization for the release of the document. On Dec. 2, 2013, Jones and Lynch introduced H. Res. 428, which called on President Barack Obama to use his authority to declassify the 28 pages. By the end of the 113th Congress, the list of co-sponsors had grown to 21, with an equal number from the two political parties, and a growing number of Members of Congress were exercising their prerogative to view the pages—although they are required to do so under guard, not allowed take notes, and not to speak about what they’ve read.

Now, Reps. Jones and Lynch intend to reintroduce their resolution, starting with a press conference on Capitol Hill Jan. 7.

According to the press advisory issued from Jones’s office, “Representatives Walter B. Jones (NC-3), Stephen Lynch (MA-8), and Senator Bob Graham (FL) will hold a bipartisan press conference on H. Res. 428, a resolution that calls on President Obama to declassify

the 28 pages of the Joint Inquiry into Intelligence Activities Before and After the Terrorist Attacks of September 2001 that were initially classified by President George W. Bush and have remained classified under President Barack Obama.

“Senator Graham was the chair of the Select Committee on Intelligence when the Joint Inquiry was written and has repeatedly called for the 28 pages to be declassified. H. Res. 428 states that declassification of the pages is necessary to provide the American public with the full truth surrounding the tragic events of September 11, 2001, particularly relating to the involvement of foreign governments. Congressmen Jones, Lynch, and Massie will introduce H. Res. 428 into the 114th Congress.

“Also attending the press conference will be representatives from 9/11 Families United for Justice Against Terrorism, and family members of victims killed in the 9/11 attacks.”

## **Graham To Speak**

This will not be the first high-powered press conference convened by Jones, Lynch, and Massie. On March 12 and Sept. 9 of 2014, they brought together representatives of organizations of the victims’ families to join with them in demanding that the truth about the funding of the 9/11 attacks be made public—as President Obama had twice promised the family members he would do.

The most significant addition to this event will be the presence of Senator Graham, who has been playing

an increasingly prominent role in demanding release of the 28 pages. Graham has consistently made the link between the protection of the funders of the 9/11 terror attack, and the current terrorist offensive by the Islamic State, which is wreaking havoc and mass murder throughout Southeast Asia.

In an Oct. 9, 2014 interview with CBC's "Day 6" program, Graham laid the responsibility for the present conflict in Iraq and Syria directly at the doorstep of the Saudi Kingdom, and said that the brutal four-year war could have been avoided had the 28 pages from the Joint Inquiry been released earlier.

"The connection is a direct one. Not only has Saudi Arabia been promoting this extreme form of religion, but it also has been the principal financier, first of Al Qaeda, then of the various Al Qaeda franchises around the world—specifically the ones in Somalia and Yemen—and now the support of ISIS," said Graham.

"I believe that, had the role of Saudi Arabia in 9/11 been disclosed by the release of the 28 pages, and by the declassification of other information as to the Saudi role and support of the 9/11 hijackers, it would have made it much more difficult for Saudi Arabia to have continued that pattern of behavior, and I think [we] would have had a good chance of reining in the activity that today Canada, the United States, and other countries either are or are considering going to war with."

## Publicity Buildup

The buildup for the Jan. 7 press conference indicates expanded interest in the fight for the disclosure of the 28 pages. A Jan. 3 spot on CNN-TV's Michael Smerconish show, and an article in the *New York Post* on Jan. 4, both advertised the upcoming Washington event, and stressed that President Obama is the target of the growing campaign.

The CNN report led with footage of Kaitlyn Strada, whose father was killed in the 9/11 attack on the World Trade Center, and whose mother, Terry Strada, is co-chair of 9/11 Families United to Bankrupt Terrorism. Kaitlyn, who was four years old at the time of the attack, is shown making the following appeal:

"Mr. President, please declassify the 28 pages that hold truths regarding who was behind my father's murder, for me and for the other 3,000 children who lost a parent on 9/11. As a father, wouldn't you want your children to not have to live with unanswered questions without ever knowing the truth?"

Smerconish then reports on how President George

W. Bush first classified the pages, that Obama has continued to do so, and describes the fight that has been waged by Graham and Terry Strada, both of whom he interviews. One focus of the discussion was the absence of the role of Congress in the fight for declassification.

Smerconish pointed out that in 2003, forty-four Senators signed a letter calling for the release of the pages—including Hillary Clinton, Joe Biden, and John Kerry—and asks what they are doing now. "They are silent on the issue," answered Strada. Asked why she thinks that is, she answered:

"They are protecting the Saudi regime over protecting the American people. And that is the travesty and that's what we're trying to bring to the attention of the American people that they can get involved in this. There is a Web site, 28pages.org; they can go to this Web site, they can read the letters that we have written to the president, read the letter written in 2003, and they can take action. They can call their representatives and they can get involved and they can ask them please read the pages and support this."

## Hysterical Opposition

An indication of the hysterical opposition by the de facto Saudi lobby in Congress was the decision by House Intelligence Committee chair Mike Rogers (R-Mich.) not to allow Rep. Alan Grayson (D-Fla.) to view the 28 pages.

Grayson's request came before the Committee Dec. 1. The story broke into the Florida media, and then the D.C.-based *Hill* at the end of December. Speaking to the *Broward [Fla.] Bulldog*, Grayson said:

"Why was I denied? I have been instrumental in publicizing the [Edward] Snowden revelations regarding pervasive domestic spying by the government, and this is a petty means for the spying industrial complex to lash back.

"Chairman Rogers told the committee that I had discussed classified information on the floor. He left out the most important part—that I was discussing what was reported in the [*Guardian*] newspaper. He clearly misled the committee for an improper purpose: To deny a sitting member of Congress important classified information, necessary for me to do my job."

Grayson's revelation is likely to help spur the overthrow of the protection racket for the Saudis, who are a principal cog in the British Empire's terror apparatus. The Jan. 7 press conference will be another crucial step in that process.

# Wipe Out Wall Street, the Detonator for World War

by Jeffrey Steinberg

Jan. 5—The maelstrom in the trans-Atlantic financial markets is gathering strength, sucking in more and more financial institutions, and threatening a systemic collapse, starting with the crash of the euro. The Greek elections, which are a harbinger of that nation leaving the euro, are still three weeks away, and the oil price appears to have no bottom. 2015 has begun with a bang.

Among the most dramatic characterizations of the situation was the one by British intelligence-financial analyst Ambrose Evans-Pritchard, who, in his Jan. 2 column in the *Daily Telegraph*, said: “Nothing like this has been seen in European history since the 14th century, after the depletion of silver mines set off a slow monetary contraction, followed by Edward III’s default on debts to Italian banks and the Black Death soon after, compounding a deflationary collapse.”

One major difference between now and the 14th Century, of course, is that the wars which the bankrupt bankers’ drive for survival will detonate, will not be local affairs, but will move inevitably to spark global warfare. And that global warfare, already launched by the City of London-Wall Street crowd against Russia and China, will inevitably lead toward thermonuclear extinction.

In the meantime, both Wall Street and the European Central Bank are scrambling to try to delay an unstoppable collapse-cycle of defaults and deleveraging, by whatever means necessary. In the U.S., Wall Street kingpin Jamie Dimon, and Wall Street stooges Barack Obama and John Boehner, joined forces in the last days of the 113th Congress, to force through a repeal of the

provision prohibiting Federal bailouts of commodity and foreign exchange derivatives, which was contained in the otherwise worse-than-useless Dodd-Frank Act. Such action—which puts the American people, through their government, on the hook for *tens of trillions of dollars* worth of gambling debts called derivatives—is an outright violation of the intention of the U.S. Constitution, a de facto act of treason against the United States.

In Europe, the ECB is again threatening a new phase of bank bailouts called quantitative easing (QE), plus new austerity measures against the population—all of which are simply propelling a more rapid collapse of the doomed financial system.

## Shut Down Wall Street

In a number of statements over the past week, Lyndon LaRouche has insisted on one essential point: Since Wall Street is *the* source of both the economic crisis and the increasingly dangerous drive for war, the only way to protect the human race is to *shut down Wall Street*.

LaRouche has provided the pathway by which this can be accomplished. It begins with the enactment of Glass-Steagall banking separation, exactly as President Franklin D. Roosevelt implemented it in 1933. Indeed, the uproar caused by the derivatives-protection amendment put into the year-end Continuing Resolution by Congress, has sparked a new wave of calls for Glass-Steagall, since no one can now argue, as some did before, that Dodd-Frank is a bulwark against speculation.

But, it is a total reorientation in thinking about eco-

nomics, in relation to the nature of man, which is required.

The next required steps after Glass-Steagall were outlined in the package of “Four Laws” which LaRouche outlined in June of 2014. We include that document as the next article in this section of *EIR*, followed by an elaboration on the American System of credit generation, as it appears in *EIR*’s recently released “The New Silk Road Becomes the World Land-Bridge” report ([www.larouchepub.com](http://www.larouchepub.com)). What the U.S. and European populations need more than anything else in this current crisis, is to comprehend the economic principles that were embedded in the American Constitution, and its system of political economy, by first Treasury Secretary Alexander Hamilton. These principles will work today, to curb the power of the Wall Street sharks who are sparking global confrontation.

The recent fraudulent legislation to protect derivatives must be nullified, as the anti-Constitutional legislation it is. Indeed, LaRouche has demanded that that legislation be repealed, and that Members of Congress who voted for it face recall or impeachment.

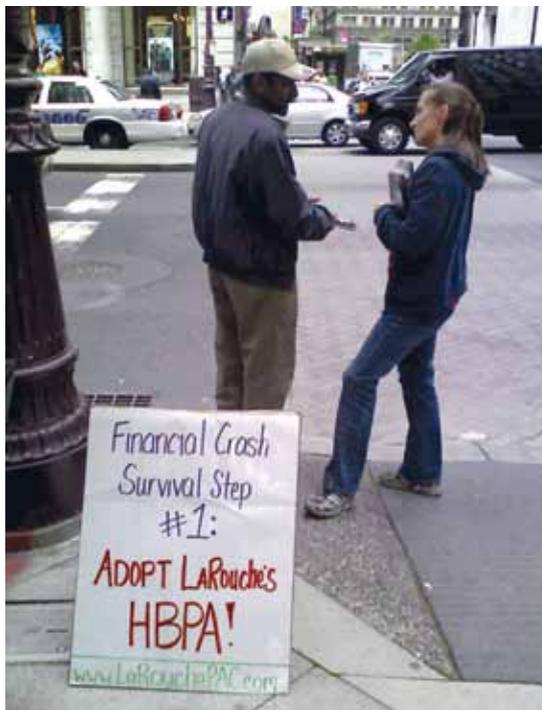
But negative measures will not work, unless they proceed from an understanding of what must be done—specifically, the adoption of Hamiltonian principles of bankruptcy reorganization and productive credit.

### The Trigger vs. the Bomb

In the Jan. 2 LaRouchePAC weekly webcast, this author elaborated on the current crisis as follows:

“It’s important, right off the bat, to distinguish between the trigger and the bomb. The bomb is the fact that the entire trans-Atlantic financial system is hopelessly and irreversibly bankrupt.

“There’s been all kinds of talk about a bail-in to deal with the imminent debt crisis, the debt explosion, which is merely a step towards yet another enormous bail-out. If you consider the magnitude of the trans-Atlantic derivatives bubble, just to take one aggregate figure that



EIRNS/Brian McAndrews

*Today’s impending global financial blowout is the direct result of the failure to adopt LaRouche’s Homeowners and Bank Protection Act in 2007-08. Here, LaRouchePAC organizing in Philadelphia, June 2008, for the HBPA.*

tells you just why this debt is unpayable in any form whatsoever, just consider the fact that BIS [Bank for International Settlements] estimates and other estimates are that the cumulative size of the current outstanding derivatives contracts of the major trans-Atlantic banks is well over a quadrillion dollars—that’s a *thousand trillion dollars*. The most optimistic view of the entire global combined GDP, which includes an enormous amount of fluff, is at best \$55 trillion.

“In other words, you have an *impossible* leveraged bubble of debt that cannot, and will not ever be paid. So, that’s the situation. This is the situation that was created by the end of the Bretton Woods system in 1971, which created the climate for speculation to completely trump productive investment in the trans-Atlantic region. It was carried forward with the repeal of Glass-Steagall in 1999.

“In 2007, we had a blowout of parts of that financial bubble. There was a massive bailout—\$23.7 trillion—wiped off taxpayers’ books to bail out Wall Street, AIG, the big banks. And now we’ve reached a point where, far from being immune to a new ‘too big to fail’ crisis, the banks in the United States and the banks in Europe are 40% to 80% *bigger* than they were, with even *more* extreme exposure.

“This was the consequence of having failed to take Lyndon LaRouche’s advice back in the 2007-2008 period, when he introduced the Homeowners and Bank Protection Act at the very *beginning* of the blowout of the mortgage bubble, and at that point, called immediately for the reinstating of Glass-Steagall. The failure to do that, the bailout instead, has meant that Wall Street has been even more extravagant and irrational in the bubble that they’ve built up.”

### This Debt Can’t Be Paid

“So, right now we’re at a point where the entire system is set to blow, and it’s impossible to pay an illegal and criminal gambling debt that’s been accrued by the

banks on the back of taxpayers. It never will be paid. And so we're facing a critical moment, and there are many potential detonators out there, but it's important to start by understanding that the bomb is a megaton bomb of unpayable debt. And that's not something that occurred in the last few weeks or the last few months; it's been a cumulative process over a long period of time.

"Wall Street intervened hysterically to make sure that the one small provision of Dodd-Frank that meant a damn thing was repealed just before Congress went into recess. And it caused a political backlash, but they were desperate enough that they were willing to pay that price. You had President Obama and Jamie Dimon working the phones. You had Democratic Members of Congress screaming that it was no longer appropriate to accept the blackmail and extortion coming from the White House.

"It was an act of desperation, precisely because one of the potential detonators, triggers for the blowout of this entire bankrupt system, is the fact that oil prices have been driven down by 50-60% over the last several months. About the only section of the U.S. economy that is 'growing,' is the shale oil and gas scam, in which hundreds of thousands of people have been drawn in,

and now you have shale oil and gas being produced in places like North Dakota and Texas, where the cost of production is substantially higher than the price that they're getting per barrel.

"Now, the people running the shale oil and gas scam have basically hedged against exactly this kind of price collapse. And so you've got Wall Street banks that are sitting on trillions of dollars of futures contracts, derivatives, complex contracts piled on top of them, and we're estimating that the immediate bubble associated with the collapse of these oil prices is in the range of \$20 trillion—in other words, something doubling even the fantasy figures about the size of the U.S. economy as a whole.

"So, it's an impossible situation. Under these circumstances, Wall Street and their friends in London are contemplating the exact kind of measures that were taken repeatedly in the 20th Century, with two world wars, that were the policies that were adopted by the financial oligarchy of Europe at the time of the Black Death of the 14th Century. The way you resolve a debt bubble that is unpayable, is you start a war, and under the fog of war, you can restructure that debt while maintaining political control."

## LPAC-TV Weekly Report **A New Paradigm for Mankind**



Each Wednesday afternoon, the LaRouchePAC Science Team, often joined by Lyndon LaRouche himself, hold an in-depth discussion on the urgent political and scientific issues facing mankind today.

Here is a sampling of recent topics:

- On Furtwängler: What Is Creativity in Musical Performance
- Poets Are the Mirrors of the Gigantic Shadows which Futurity Casts Upon the Present
- Mankind Is Now Moving to an Earth-Sun-Moon Economy
- Shadows vs. Principle: An Approach to Science that Gets Us Somewhere
- The Coming Promethean Renaissance
- China's Lunar Helium-3 Fusion Power Science Driver

<http://larouchepac.com>

# Four New Laws To Save the U.S.A.: Not an Option: An Immediate Necessity

by Lyndon H. LaRouche, Jr.

*Reprinted from EIR, June 13, 2014: The following statement is for immediate action by all associates in all regions of the National Caucus of Labor Committees and its associated practice. The priority is assigned to all means and measures of public action, nationally and internationally, without reservation. That priority is existential for the policies of our republic, and for the general information of, and by all relevant circles world-wide, beginning this date of June 8, 2014.*

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## 1. The Fact of the Matter

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The economy of the United States of America, and also that of the trans-Atlantic political-economic regions of the planet: are, now, under the immediate, mortal danger of a general, physical-economic, chain-reaction breakdown-crisis of that region of this planet as a whole. The name for that direct breakdown-crisis throughout those indicated regions of the planet, is the presently ongoing introduction of a general “Bail-in” action under the several, or more governments of that region: the effect on those regions, will be comparable to the physical-economic collapse of the post-“World War I” general collapse of the economy of the German Weimar Republic: but, this time, hitting, first, the entirety of the nation-state economies of the trans-Atlantic region, rather than some defeated economies within Europe. A chain-reaction collapse, to this effect, is already accelerating with an effect on the money-systems of the nations of that region. The present acceleration of a “Bail-in” policy throughout the trans-Atlantic region, as underway now, means mass-death suddenly hitting the populations of all nations within that trans-Atlantic region: whether directly, or by “overflow.”

The effects of this already prepared action by the monetarist interests of that so-designated region, will,

unless stopped virtually now, will produce, in effect, an accelerating rate of genocide throughout that indicated portion of the planet immediately, but, also, with catastrophic “side effects” of comparable significance in the Eurasian regions.

### The Available Remedies

The only location for the immediately necessary action which could prevent such an immediate genocide throughout the trans-Atlantic sector of the planet, requires the U.S. Government’s now immediate decision *to institute four specific, cardinal measures: measures which must be fully consistent with the specific intent of the original U.S. Federal Constitution*, as had been specified by U.S. Treasury Secretary Alexander Hamilton while he remained in office: (1) *immediate re-enactment of the Glass-Steagall law instituted by U.S. President Franklin D. Roosevelt, without modification, as to principle of action.* (2) *A return to a system of top-down, and thoroughly defined as National Banking.*

The actually tested, successful model to be authorized is that which had been instituted, under the direction of the policies of national banking which had been actually, successfully installed under President Abraham Lincoln’s superseding authority of a currency created by the Presidency of the United States (e.g. “Greenbacks”), as conducted as *a national banking-and-credit-system placed under the supervision of the Office of the Treasury Secretary of the United States.*

For the present circumstances, all other banking and currency policies, are to be superseded, or, simply, discontinued: as follows. Banks qualifying for operations under this provision, shall be assessed for their proven competence to operate as under the national authority for creating and composing the elements of this essential practice, which had been assigned, as by tradition,

to the original office of Secretary of the U.S. Treasury under Alexander Hamilton. This means that the individual states of the United States are under national standards of practice, and, not any among the separate states of our nation.

*(3) The purpose of the use of a Federal Credit-system, is to generate high-productivity trends in improvements of employment, with the accompanying intention, to increase the physical-economic productivity, and the standard of living of the persons and households of the United States. The creation of credit for the now urgently needed increase of the relative quality and quantity of productive employment, must be assured, this time, once more, as was done successfully under President Franklin D. Roosevelt, or by like standards of Federal practice used to create a general economic recovery of the nation, per capita, and for rate of net effects in productivity, and by reliance on the essential human principle, which distinguishes the human personality from the systemic characteristics of the lower forms of life: the net rate of increase of the energy-flux density of effective practice. This means intrinsically, a thoroughly scientific, rather than a merely mathematical one, and by the related increase of the effective energy-flux density per capita, and for the human population when considered as each and all as a whole. The ceaseless increase of the physical-productivity of employment, accompanied by its benefits for the general welfare, are a principle of Federal law which must be a paramount standard of achievement of the nation and the individual.*

*(4) "Adopt a Fusion-Driver 'Crash Program.'" The essential distinction of man from all lower forms of life, hence, in practice, is that it presents the means for the perfection of the specifically affirmative aims and needs of human individual and social life. Therefore: the subject of man in the process of creation, as an affirmative identification of an affirmative statement of an absolute state of nature, is a permitted form of expression. Principles of nature are either only affirmation, or they could not be affirmatively stated among civilized human minds.*

*Given the circumstances of the United States, in particular, since the assassinations of President John F. Kennedy, and his brother, Robert, the rapid increase required for even any recovery of the U.S. economy, since that time, requires nothing less than measures taken and executed by President Franklin D. Roosevelt during his actual term in office. The victims of the evil*

*brought upon the United States and its population since the strange death of President Harding, under Presidents Calvin Coolidge and Herbert Hoover (like the terrible effects of the Bush-Cheney and Barack Obama administrations, presently) require remedies comparable to those of President Franklin Roosevelt while he were in office.*

*This means emergency relief measures, including sensible temporary recovery measures, required to stem the tide of death left by the Coolidge-Hoover regimes: measures required to preserve the dignity of what were otherwise the unemployed, while building up the most powerful economic and warfare capabilities assembled under the President Franklin Roosevelt Presidency for as long as he remained alive in office. This meant the mustering of the power of nuclear power; then, and means thermonuclear fusion now. Without that intent and its accomplishment, the population of the United States in particular, faces, now, immediately, the most monstrous disaster in its history to date. In principle, without a Presidency suited to remove and dump the worst effects felt presently, those created presently by the Bush-Cheney and Obama Presidencies, the United States were soon finished, beginning with the mass-death of the U.S. population under the Obama Administration's recent and now accelerated policies of practice.*

*There are certain policies which are most notably required, on that account, now, as follows:*

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## **Vernadsky on Man & Creation**

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*V.I. Vernadsky's systemic principle of human nature, is a universal principle, which is uniquely specific to the crucial factor of the existence of the human species. For example: "time" and "space" do not actually exist as a set of metrical principles of the Solar system; their only admissible employment is for purposes of communication is essentially nominal presumption. Since competent science for today can be expressed only in terms of the unique characteristic of the human species' role within the known aspects of the universe, the human principle is the only true principle known to us for practice: the notions of space and time are merely useful imageries:*

*Rather:*

*The essential characteristic of the human species, is its distinction from all other species of living processes:*

that, as a matter of principle, which is, rooted scientifically, for all competent modern science, on the foundations of the principles set forth by Filippo Brunelleschi (the discoverer of the ontological minimum), Nicholas of Cusa (the discovery of the ontological maximum), and the positive discovery by mankind, by Johannes Kepler; of a principle coincident with the perfected Classical human singing scale adopted by Kepler, and the elementary measure of the Solar System within the still larger universe of the Galaxy, and higher orders in the universe.

Or, similarly, later, the modern physical-scientific standard implicit in the argument of Bernhard Riemann, the actual minimum (echoing the principle of Brunelleschi), of Max Planck, the actual maximum of the present maximum, that of Albert Einstein; and, the relatively latest, consequent implications of the definition of human life by Vladimir Ivanovich Vernadsky. These values are, each relative absolutes of measurement of man's role within the knowledge of the universe.

This set of facts pertains to the inherent fraud of the merely mathematicians and the modernist "musical performers" since the standard of the relevant paragon for music, Johannes Brahms (prior to the degenerates, such as the merely mathematicians, such as David Hilbert and the true model for every modern Satan, such as Bertrand Russell, or Tony Blair).

The knowable measure, in principle, of the difference between man and all among the lower forms of life, is found in what has been usefully regarded as the naturally upward evolution of the human species, in contrast to all other known categories of living species. The standard of measurement of these compared relationships, is that mankind is enabled to evolve upward, and that categorically, by those voluntarily noëtic powers of the human individual will.

Except when mankind appears in a morally and physically degenerate state of behavior, such as within the cultures of the tyrants Zeus, the Roman Empire, and the British empire, presently: all actually sane cultures of mankind, have appeared, this far, in a certain fact of evolutionary progress from the quality of an inferior, to a superior species. This, when considered in terms of efficient effects, corresponds, within the domain of a living human practice of chemistry, to a form of systemic advances, even now leaps, in the chemical energy-flux density of society's increase of the effective

energy-flux-density of scientific and comparable expressions of leaps in progress of the species itself: in short, a universal physical principle of human progress.

The healthy human culture, such as that of Christianity, if they warrant this affirmation of such a devotion, for example, represents a society which is increasing the powers of its productive abilities for progress, to an ever higher level of per-capita existence. The contrary cases, "the so-called zero-growth" scourges, such as the current British empire are, systematically, a true model consistent with the tyrannies of a Zeus, or, a Roman Empire, or a British (better said) "brutish" empire, such as the types, for us in the United States, of the Bush-Cheney and Obama administrations, whose characteristic has been, concordant with that of such frankly Satanic models as that of Rome and the British empire presently, a shrinking human population of the planet, a population being degraded presently in respect to its intellectual and physical productivity, as under those U.S. Presidencies, most recently.

### **Chemistry: The Yardstick of History**

We call it "chemistry." Mankind's progress, as measured rather simply as a species, is expressed typically in the rising power of the principle of human life, over the abilities of animal life generally, and relatively absolute superiority over the powers of non-living processes to achieve within mankind's willful intervention to that intended effect. *Progress exists so only under a continuing, progressive increase of the productive and related powers of the human species. That progress defines the absolute distinction of the human species from all others presently known to us. A government of people based on a policy of "zero-population growth and per capita standard of human life" is a moral, and practical abomination.*

*Man is mankind's only true measure of the history of our Solar system, and what reposes within it. That is the same thing, as the most honored meaning and endless achievement of the human species, now within nearby Solar space, heading upward to mastery over the Sun and its Solar system, the one discovered (uniquely, as a matter of fact), by Johannes Kepler.*

*A Fusion economy, is the presently urgent next step, and standard, for man's gains of power within the Solar system, and, later, beyond.*

# Financing the Global Land-Bridge 2064

by Paul Gallagher and Michael Kirsch

Reprinted from “The New Silk Road Becomes the World Land-Bridge,” *EIR Special Report*, Dec. 1, 2014.

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## I. Preserving a Separated Commercial Banking System: The Glass-Steagall Principle

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The issuance of large masses of credits among countries for large-scale and modern new infrastructure platforms requires, first, “Glass-Steagall” bank separation and regulation by the nations involved. Without such legislation urgently soon throughout the trans-Atlantic nations, the major banks are facing another crash. Furthermore, historically, such productivity “driver” projects on a national or global scale have always been financed through national credit. For example, if such credit is issued directly to banks (private or national) that are plugged into securities markets and offshore profit centers, or have large parts of their asset books in high-risk securities and derivatives activities, that is where credit will flow. However, if nationally chartered commercial banks have been protected, regulated, and kept out of securities market speculation, those banks will participate in the infrastructure driver projects through vigorous private lending.

The Glass-Steagall principle—strict commercial banking based on mediation of deposits into industrial and commercial, household, and personal loans and

leases, supported and regulated by a national bank system—is historically an American development. The United States’ first Treasury Secretary, Alexander Hamilton, specified the banks, public and private, which the new government would encourage to form, in his *Report on a National Bank*.

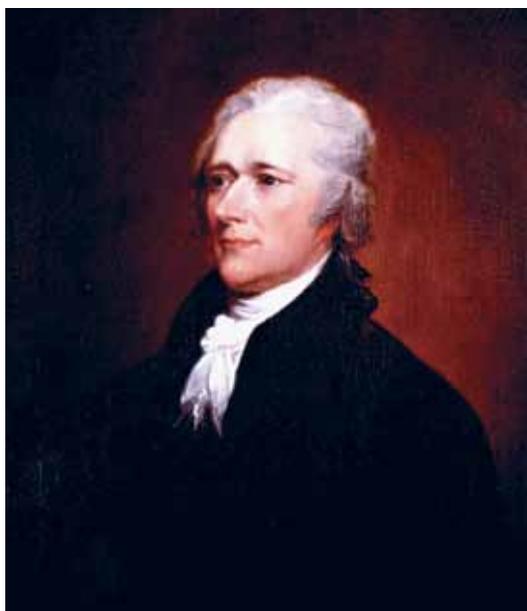
Hamilton defined banks as mediating the investment of otherwise temporarily idle savings into lending to enterprises—and serving the great national purposes of the United States. Whereas the Bank of England was formed fundamentally to lend directly to British governments,

Hamilton’s Bank of the United States was formed to encourage nascent manufacturing and economic infrastructure. Whereas the merchant banks of Europe were primarily engaged in securities speculations, Hamilton defined U.S. banks as lending to agriculturists, manufacturing enterprises, and households, i.e., commercial banking.

U.S. private commercial banks have fulfilled this role for long periods when federally well regulated. The principle of the Glass-Steagall Act was upheld by the U.S. Supreme Court in a landmark 1971 decision (*Camp v. Investment Company Institute*), which held it a proper purpose of Congress to prevent commercial banks from straying from this role, into the

lure of securities speculations promising high profits but dangerous to the banks. The U.S. commercial banking sector has in the past proliferated into many thousands of regional and community banks, with—until the past 20 years—no global giants.

The Glass-Steagall Act was enacted June 16, 1933



*First U.S. Treasury Secretary Alexander Hamilton, shown here in a painting by John Trumbull in 1806, set the standard for American System banking, banking directed to increasing the productive powers of labor.*

in the United States after a period in which the largest banks in the country had used their customers' deposits heavily for speculation in securities—including the banks' own securities—and large numbers of banks had thrown the deposit base into stock market speculations such as the infamous Insull electricity utility stock and Morgan railroad stock swindles. After the failure of one-third of all U.S.-based banks by 1933 and government rescue of another third, deposit insurance was introduced together with a strict separation of depository institutions' commercial banking from all other broker-dealer and securities investment activities and companies—"non-banks." The purpose and principle of Glass-Steagall was that investment funds entering the securities markets and their derivatives would have no form of government subsidy or explicit or promised support for their losses, and that commercial banking, which was protected, insured, and allowed government liquidity borrowing, would not be allowed into securities speculation.

The Glass-Steagall Act's regulations basically had four components. First, the requirement that commercial banks, investment banks or broker-dealers/funds and similar entities, and insurance companies (able to underwrite and sell insurance) be entirely separate from one another, and not share directors, ownership, or management. Any commercial bank or bank holding company that has such interconnections must separate completely from them within a reasonable period, usually one year.

Second, the definition of a significant range of securities and derivatives activities as "not sufficiently closely incident to banking as to be proper to it," and therefore not permitted to commercial banks. Third, the provision of Federal deposit insurance exclusively to support commercial banks and their depositors. Fourth, the prohibition against transferring any but AAA securities, within a holding company, onto the books of a Federally insured commercial banking unit, or otherwise causing low-quality securities to be backstopped by government funds.

For more than 60 years after its passage, under Glass-Steagall organization of the commercial banking system, no U.S. bank failure triggered failures or bailouts of other banks.

After the Glass-Steagall Act was progressively eliminated over the course of 1994-99, the effects in U.S. banking were dramatic. The failure of merely a large hedge fund, Long-Term Capital Management, nearly

broke the banking system in 1999 because 55 banks had poured leveraged loans into it. The largest banks became impossibly complex, going from typically 1-300 subsidiaries to typically 2,500-4,000 subsidiaries, buying and creating what were overwhelmingly securities and broker-dealer vehicles. The derivatives markets exploded geometrically with the flow from depository giants, from about \$70 trillion notional value in 1997 to \$700 trillion in 2007 according to the Bank for International Settlements. The largest banks became entirely interconnected with one another, particularly through their mutual derivatives exposures, while their leverage ratios were allowed to rise from typically 16:1 to 30-35:1. Loan/lease assets fell to about half of total assets, while the banks became rapidly larger. The big banks then crashed in 2007-08, saved only by government agency credit extensions to the financial sector—which at one point reached \$14 trillion according to the chairman of the U.S. Federal Deposit Insurance Corporation (FDIC) at the time. After being saved, the largest banks' lending fell; the whole banking system's loan/deposit ratio fell to a historically low 70% and the percentage is still today in the low 70s. The largest banks' derivatives exposures are on average 30% larger than they were in 2007. Total bank lending remains below the level of six years earlier. In the EU bank lending is still falling.

Here is the situation today as described by U.S. FDIC Vice Chairman Thomas Hoenig, an advocate of full bank separation on the Glass-Steagall principle, in a May 6, 2014 speech at the Boston Economics Club: "Compared to 2008, the largest financial firms today are in most instances larger, more complicated, and more interconnected. The eight largest banking firms have assets that are the equivalent to 65% of GDP. The average notional value of derivatives for the three largest U.S. banking firms at year-end 2013 exceeded \$60 trillion [each], a 30% increase over their level at the start of the crisis.

"The largest banking firms also have tended to increase their complexity. They have used the safety net subsidy to support their expansion across the globe. They have further combined commercial, investment banking, and broker-dealer activities. There have been no fundamental changes in the wholesale funding markets, in the reliance on bank-like money market funds, or in the use of repos, which all are major sources of volatility in times of financial stress.

"While these largest firms highlight that they have added capital to strengthen their balance sheet, they

remain excessively leveraged with ratios, on average, of nearly 22 to 1. The remainder of the industry averages below 12 to 1. Thus, the margin for error for the largest, most systemically important financial firms is nearly half of that of other far less systemically important commercial banks and financial firms.”

The condition of the largest banks in London and the European Union is much worse than what Mr. Hoenig is describing for the U.S.-based banks. The trans-Atlantic banking system is headed for a general crash despite (and because of) the endless zero-interest-rate money-printing of the central banks.

Against intense opposition from Wall Street and the Obama White House, legislation to restore the Glass-Steagall Act now has bipartisan support in both Houses of the U.S. Congress: Senate bills S.1282 (prime sponsors Senators Elizabeth Warren, John McCain, Angus King, and Maria Cantwell, with six others) and S.985 (Sen. Thomas Harkin); and House bills HR.129 (prime sponsors Representatives Marcy Kaptur and Walter Jones, with 84 others) and HR.3711 (prime sponsors Reps. John Tierney, Steven Lynch and Walter Jones, with 10 others).

All of the various “alternatives to Glass-Steagall,” in which regulators attempt various schemes of “ring-fencing” divisions of banks, have the same fatal disability, and will not produce sound commercial banking. In all the “alternatives,” including the much-invoked and disastrously unworkable “bank bail-in” schemes, the large bank holding companies (or whatever agencies try to resolve them into when insolvent) remain responsible for capitalization of all their operating subsidiaries. This capitalization either is taken from the commercial bank division, in violation of the ring-fencing scheme; from a large public taxpayer bail-out in a crisis; or, in the “bail-in” scheme, from both. The “ring-fences” are low ones, and allow holding company

senior managements to continue to use deposit bases for securities and derivatives speculation. “Bail-in” simply attempts to expropriate creditors’ assets and depositors’ money, and besides being chaotic and actually potentially triggering runs on banks, it represents deadly economic austerity.

Only Glass-Steagall separation and regulation of commercial banks provides for depository institutions whose purpose is lending and participation in national banking credit issuance, which are Federally chartered and regulated, and which are barred from any significant exposure either to securities or derivatives markets.

If the Glass-Steagall principle is restored in the U.S. banking system, the Wall Street bank holding companies will have to split off their myriads of investment banks, broker-dealers, and securities investment vehicles, most of which will probably face bankruptcy because they are deep in speculations that require credit backing from Federally insured commercial bank units,



and from Federal Reserve money-printing, in order to sustain their high-risk investment models. The commercial banks themselves will have to make loans to business, industry, households, and local government in order to earn profits.

The real economy will lose nothing from those bankruptcies; what will be exposed, is how little real credit there actually is in the economy. A national source of credit will be required to drive the major investments in infrastructure “great projects” and economic productivity. But the separation and protection of the commercial banking system under Glass-Steagall principles will put commercial banks in a position to participate vigorously in national credit creation, including the discounting of their loans to companies and agencies participating in important national and international projects.

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## II. Generating National Credit for Productivity Projects: Examples From the American Credit System 1652-1945

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The U.S. national credit system, called the “American System” in the 19th Century, but essentially abandoned by American leaders since the end of World War II, facilitated infrastructure and industrial development in each historical period of nation building. The period 1865-90 in which the United States emerged as the world’s leading industrial nation, followed the Abraham Lincoln Administration’s adoption of “Greenback” national credit issuance; investment of that credit into rail, steel, coal, and agricultural infrastructure; and strong tariff protection of national industries—the three fundamental principles of the Hamiltonian, or “American System.”

EIR historian Anton Chaitkin has shown (“Leibniz, Gauss Shaped America’s Science Successes,” *EIR*, Feb. 9, 1996) that in fact *each* surge in industrial growth and scientific/technological revolution in U.S. history, has been associated directly with the implementation of those principles by American governments. Senator and Secretary of State James G. Blaine’s two-volume history of the United States in the 19th Century 125 years ago demonstrated exactly the same conclusion.

The establishment of the fully sovereign nation-state of the United States in 1789-96, and the establishment of the credit system, were one and the same. Alex-

ander Hamilton, U.S. Treasury Secretary during George Washington’s Presidency, created a system that closely coordinated the relationship of public credit with the intention of national government to follow through on the actions for which the credit is emitted. The more the nation’s government is committed to see through the creation of credit, and properly exercises its complementary necessary powers of finance, trade regulation, and taxation, the better certainty there is on that credit, and the more is credit between parties able to serve as a currency and means of payment.

### John Winthrop, Jr.’s Plan 1663-1681

The Massachusetts Bay Colony in the 17th Century created the first currency sufficient for payment and trade, in opposition to its British royal governor. The “lack of a medium of exchange” with which to make the needed transactions for building up the economy of Massachusetts Bay and the early Colonies was a constant refrain. From John Winthrop Jr. in 1663 to Benja-



*The Pine Tree Shilling, shown here, was created by the Massachusetts Bay Colony to promote physical economic development.*

min Franklin in 1729, and after, numerous authors wrote of the currency problem. Sufficient currency increases manufacturers, trade, immigration, and foreign returns; keeps interest low; and leads to general improvement. A shortage of currency increases debts, prices, and interests, while property declines in value and trade is stunted.

In 1652, the Massachusetts Bay Colony coined its own money, the “Pine Tree Shilling,” to create a sufficient currency with which to trade amongst themselves. This was attacked by the King multiple times in the 1660s-1680s.

In the same period, there were multiple designs by the Winthrop family and others for a means of payment that did not require silver or gold, but would be based

on credit. In 1663, John Winthrop Jr. wrote a plan entitled “Some Proposals Concerning the Way of Trade and Banks without Money,” and sent it to the Royal Society. Winthrop wrote that his plan would “greatly advance commerce and other public concernment for the benefit of poor and rich,” and would answer all the ends which “banks of ready money” in other parts of the world attained. While it would involve land, he wrote that it would not take the land out of use.

### The 1686 Bank of Credit

Drawing on these earlier writings and attempts, a more developed plan for a “Bank of Credit” was approved by Wait Winthrop, Adam Winthrop, and other leaders of Boston in 1686. The details of the bank plan were written out by John Blackwell a year later.

“Bank-bills of Credit,” signed by several people “with good repute” and emitted on the basis of the mortgages of lands or goods, would be voluntarily accepted by people and business as “ready moneys.” The bills would have “at least equal advantages with the current money or coin, of any country.” There was no gold or silver reserve in the Bank.

Those who had real wealth and capital could now turn it into a source of credit, instead of requiring money. Weavers could pledge their mills for bills of credit with which to increase their supply of wool; merchants could pledge their land and receive bills to buy additional wares and other commodities from the manufacturer; shopkeepers could mortgage their shop and receiving bills to buy goods from merchants; a mine owner could pledge his mine for bills to obtain additional capital to employ laborers to work the mine. The mine owner could pay interest on the bills in iron, and other tradesman could pay similarly with the value of their goods. The 1687 document presenting the plan concludes:

By [the Bank], the trade and wealth of this country [will be] established upon its own foundation, and upon a medium or balance arising within itself, viz., the lands and products of this country; and not upon the importation of gold or silver or



*This is the reconstruction of the forge and iron mill at the Saugus Iron Works in Massachusetts, which, in a matter of years in the 1660s, became more productive than iron producers in England.*

the scarcity or plenty of them, or of anything else from foreign nations, which may be withheld, prohibited or enhanced, at their pleasures.

Our own native commodities will thus become improved to a sufficiency for our own use (at least) and thereby afford a comfortable subsistence to many ingenious and industrious persons amongst us, who know not at present how to subsist: and this will draw over more inhabitants and planters. It will not be in the power of any, by extortion and oppression, to make a prey of the necessitous.

The Bank of Credit of 1686 was not fully established due to the influence of the King’s representative Edmund Andros and the takeover in England by William of Orange.

### Cotton Mather 1690-1720

In 1690, Bills of Credit were emitted in Massachusetts as a means to pay soldiers and for supplies. Cotton Mather described in a paper entitled “Some Considerations of the Bills of Credit, Now Passing in New England,” that although the colony did not have silver, they could have credit, which would allow the colonists to buy articles just as readily if they were to accept them.

Mather wrote that the security of the paper money was “nothing less than the credit of the whole country.” The country makes good the credit through its industry, and its inhabitants are “the security of their public bonds.”

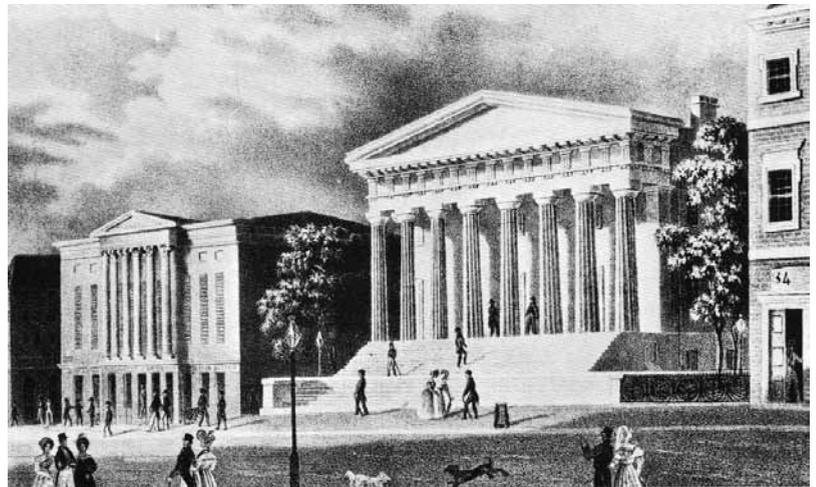
The taxes later collected were payable in the bills of credit emitted by the colony, and this cycle is essential for issuances of sound currency. “The Credit conveyed by these Bills now Circulates from one hand to another as men’s dealings are, until the Publick Taxes call for it.” Then the government could put it back into circulation again.

While these bills of credit were first issued for emergency endeavors, such as the Colony’s military campaign of 1690, they were later used for general economic purposes—thus similar to the Lincoln Administration’s and Congress’ “Greenback” issuances of 1861-65.

In 1716, an unnamed author, probably associated with Cotton Mather, proposed a Greenback policy in “Some Considerations on Several Sorts of Banks.” The author recommended the government should “emit large sums” for “what may be beneficial and of a general good,” specifically, infrastructure and industry. The sums were not only to supply the ongoing scarcity of cash, but would “also lay certain and stable foundations of increasing the produce of the country; which is the interest and wisdom of all nations.”

The government would pay on credit to a board of trade to lend for “construction of public works and encouragement of industries.” They proposed “lending large sums upon good security, without interest for some term of years” to pay for a bridge and cutting a canal for more speedy passage of vessels. A few hundred committed by the government to set up an iron refinery would save the country thousands in a year, the author wrote. The government was expected to take actions to increase the power of the colony. As earlier, the bills would later be accepted to pay taxes to the government.

As in the 1680s, this bank, and similar ones proposed in 1720 and in 1740, were prevented by opposition from the British crown. However, after 1690, bills of credit continued to be issued throughout the colonies. During 1710-1740 the government of Rhode Island successfully “emitted bills of credit to supply the merchants with a medium of exchange, always



*Hamilton succeeded in establishing the Bank of the United States, which converted the mass of Revolutionary War debt into a base of credit for the prosperity of the nation. Here, a drawing of the First Bank of the United States, which was located in Philadelphia.*

proportioned to the increase of their commerce,” putting their navigation industry ahead of the other colonies.<sup>1</sup> Some of the attempts at currency issued by the governments were successful, while others were failures, depending on how regulated they were, and for what purposes.

Multiple attempts, in 1741, 1751, and 1764, were made by the crown to end the use of all colonial bills of credit. Benjamin Franklin told the parliament in England in 1764 in response that “colonial legislatures [must] be empowered to issue any amount of paper money required for revenue, trade, business, agriculture, to be lent on collateral security, deficiencies guarded against by taxes, and interest on the loans to be used in meeting current expenses.”

### **The 1781 National Bank**

Alexander Hamilton addressed the financier of the Continental Congress, Robert Morris, writing, “Tis by introducing order into our finances—by restoring public credit—not by gaining battles that we are finally to gain our object.”

Hamilton hypothesized that the solution to the economic crisis of the colonies lay in uniting the influence and interests of individuals in trade, commerce, and industry with the resources and credit of the government, by the joint subscription to a national bank. The result

1. *Records of the Colony of Rhode Island*; Providence, 1860, p. 12.

was the “Bank of North America,” chartered in 1781. The alternative to the depreciated continentals it presented and the national unity it signified saved the finances of the country and upheld the credit of the Congress through to the end of the war in 1783.

Hamilton demonstrated a central principle in successful national banking, that no credit currency could be substantial, or durable, which does not unite the resources and growth of the real economy with its establishment and circulation. However, the lack of union of the states and insufficient powers of the Congress did not provide the Bank with proper funding to establish a national economy or uphold federal credit. Without the powers to regulate trade, impose federal taxes, regulate the currency, and coordinate the payments of the debts, there could be no secure funds to establish credit, increase national productivity, or fund the National Bank.

While it was not fully successful, for reasons specified, the bank demonstrated an important principle. What had been defeated throughout the preceding century in 1686, 1720, and 1740 for lack of authority and independence from the crown, was now possible: a sufficient payment system based on the productive capacity of the nation, not determined by artificial restraint.

### **The System of Public Credit**

In 1789, from the standpoint of the gold and silver that had been borrowed for the war, the new republic was bankrupt and had no possible way within the existing system to settle its accounts. By employing the powers of Congress won through the new Constitution, Hamilton implemented the system of public credit he had been developing for a decade.

As his first step, he transformed the seemingly impossible foreign, national, and state debts, and the interest rates on them, into a means to unify the resources of the nation toward one goal through the power of federal revenues. The foreign debt would be refinanced—restructured—and the state debts would be assumed and united with the domestic debt, reissued, and subsequently restructured as new debts of a National Bank. However, in accord with Hamilton’s “fundamental maxim, in the system of public credit of the United States,” in the same Act of Congress that created these newly transformed debts, the means of extinguishment were built in, initiating the powers of Congress related to economic growth.

Hamilton’s recommendations on public credit were passed into law in three Acts of Congress, on August 4,

9, and 12, 1790. New loans for the full amount of the domestic and state debts were taken out, with subscriptions to them made with the old debt certificates. The subscribers received new U.S. debt certificates, with an interest payment on them guaranteed with a permanent appropriation, written into the same August 4 Act that authorized the new loan and state assumption. The funds—Hamilton’s “means of extinguishment” of the loans—would come from new protective tariffs and excise taxes passed immediately thereafter. A special fund from the revenues of the new U.S. Post Office was set aside to prevent speculation on the public debt and increase its value.

By ensuring the value of the public debt certificates, they were converted into a real medium of commerce, a vast capital for trade, and basis for a new credit currency, giving life and activity to business. The *funded* debt was now a representation of the new power of government in action, and its value rose from \$15 million to \$45 million by the end of 1790. Hamilton’s actions effectively created a capital resource of \$30 million for the economy.

Its value would continue to rise as the strength of the nation’s economy increased, and likewise, the increase of the economy was made possible by the creation of the new source of capital, in the form of the funded debt.

### **The Public Credit Bank of the United States**

The step that cemented the credit system was the Bank of the United States, chartered by Congress in 1791 according to Hamilton’s next recommendations.

While not circulating as money itself, the capital that Hamilton had created by the funded debt served as the basis for a national currency. Now it could be used to form an enormous (for the time) capital of a national bank, large enough to serve the credit needs of the entire economy. Those who had received new certificates of the public debt could use them to become subscribers to the capital stock. Each share was bought with one part specie, three parts public debt. The government went \$2 million further into debt to increase the capital of the bank by one-fifth, which created a sufficiently large circulation. The bank was able to issue notes up to its capital of \$10 million, which consisted mostly of the public debt of the United States.

The Bank’s main economic functions were the creation of a medium of exchange in which credit could be transferred between parties in commerce, manufactures, agriculture, and industry, and also, directly lend-

ing its credit for the same purposes, including economic infrastructure.

The Bank increased the value of the public debt. The act of subscribing to the Bank's capital with public debt securities, increased their value, and the assurance and facilities it provided to the government increased them still further.

Hamilton's Bank was antithetical to the Bank of England, because the National Bank was prohibited from buying and selling public debt, which was the Bank of England's main purpose; also, while the Bank of England's commercial role was secondary, commercial lending was the main function of the Bank of the United States. Its other functions and benefits included serving as a depository for government revenues, which provided an additional source of credit available at all times until appropriation; creating a unified medium in which taxes could be dependably collected, and enhancing that dependability by loaning to taxpayers in lieu of their possession of money, as in the case of importers; and relieving the nation of the cost of a currency of fluctuating value between states. Hamilton summarized the effects of the system in his final *Report on Public Credit* in 1795:

Public Credit ... is among the principal engines of useful enterprise and internal improvement. As a substitute for capital, it is little less useful than gold or silver, in agriculture, in commerce, in the manufacturing and mechanic arts.... One man wishes to take up and cultivate a piece of land; he purchases upon credit, and, in time, pays the purchase money out of the produce of the soil improved by his labor. Another sets up in trade; in the credit founded upon a fair character, he seeks, and often finds, the means of becoming, at length, a wealthy merchant. A third commences business as manufacturer or mechanic, with skill, but without money. It is by credit that he is enabled to procure the tools, the materials, and even the subsistence of which he stands in need, until his industry has supplied him with



*A drawing of work building the Erie Canal, in the period of the functioning of the Second Bank of the United States.*

capital; and, even then, he derives, from an established and increased credit, the means of extending his undertakings.

The Bank of the United States credit system put private credit in its proper place, inducing investors to serve the ends of public interest. The Bank's capital was four-fifths subscribed to and owned by private citizens, holders of the restructured United States debt, and it was also privately directed; however, its private status was a means to keep it sound, and was secondary to its nature. By its purpose and functions, its main beneficiary was the nation as a whole. As Hamilton explicitly states in his *Report on the National Bank*, when speaking of the old constitution of the 1781 Bank of North America:

The interest and accommodation of the public ... are made more subservient to the interest ... of the Stockholders, than they ought to be. It is true, that unless the latter be consulted, there can be no bank ... but it does not follow, that this alone to be consulted, or that it even ought to be paramount. Public utility is more truly the object of public banks, than private profit. And it is the

business of Government, to constitute them on such principles, that while the latter will result, in a sufficient degree, to afford competent motives to engage them, the former be not made subservient to it.

The bank notes now issued by the Bank as currency, were made a legal tender and “receivable in all payments to the United States,” and could be redeemed for specie if desired, “payable on demand, in gold and silver coin.” Because the system was designed to prevent the necessity for this redemption, a circulating currency was created of a magnitude proportional to the active capital of the country, e.g., manufactures, agriculture, and commerce. There was no need to trade in that capital for specie, in order to exchange goods.

Hamilton redefined the meaning of debt within a functional nation-state economy. Rather than a monetary burden to be settled in saved revenues, and contributing to scarcity, the public debt was made an asset, and signified the process of unifying the resources of the national economy.

And as the power of the productive economy grew, particularly in industry, so, reciprocally, did the Bank’s value of capital and the general value of the public debt. All of this would be an increased capability of lending for commerce, and increasing the means of payment in the economy available for trade.

### **The Credit System Elaborated**

After the National Bank’s charter was allowed to lapse in 1811 under Jeffersonian influences, Hamilton’s credit system was revived by Nicholas Biddle, Mathew Carey, and President John Quincy Adams with the Second Bank of the United States, particularly during 1823-36. Under Hamilton and Biddle, who was chairman of the Second Bank, the system was managed to increase the number of transactions occurring on credit rather than liquidating wealth for the present. Transactions were settled by the future resources generated, which gave a credit to the initial borrower. Credits and debts were coordinated according to the cycles of production to defray the time of payment, till each party had sufficient credit to balance their debts. This allowed productive surpluses to be absorbed into future growth and productive investment.

The Bank directly intervened into the economy, not by upholding inflated securities, but by assisting the productive economy or the needed infrastructure proj-

ects with capital, in order to maintain the surplus productive capacity.

The protection for manufacturing and support for internal improvements that Hamilton had called for did not come about until the 1820s, under President John Quincy Adams. The major canals, new railroads, and new industries were made possible by federal credit and direct loans and other indirect functions of the Bank. Adams used the nation’s stock in the Bank for financing large projects, and under Biddle’s direction the Second Bank of the United States loaned and subscribed directly for nearly 50% of all the capital raised to construct the largest canals, which made possible the transport of anthracite coal for the iron industry.

Under the regulation of the credit system under Biddle, the currency bore a proper relation to the real business and exchanges of the country. As more agricultural land was developed, as more manufacturing facilities became established, and as more transportation networks for produce and coal for manufacturing facilities were completed, the amount of bank credit that could safely be put into circulation through loans and discounts increased in proportion.

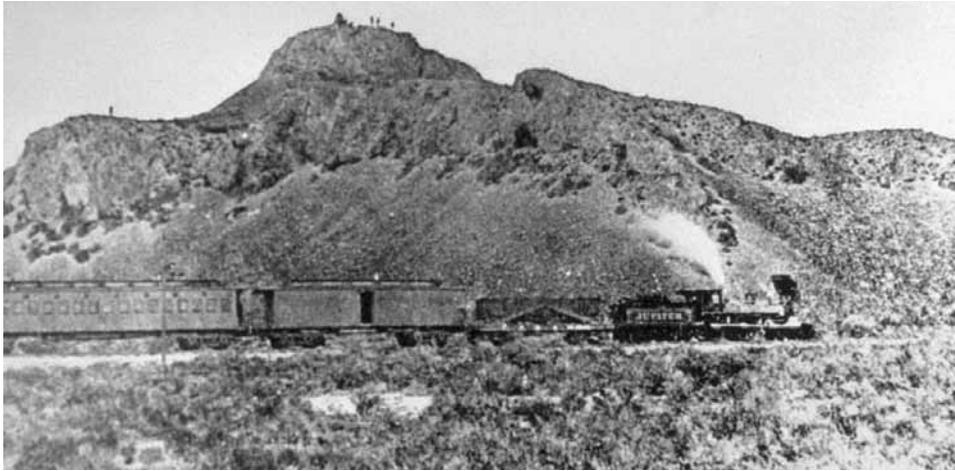
### **Lincoln’s System of Public Credit**

New York banks and the British East India Company opposed the Second Bank of the United States and the internal improvements and domestic manufactures it facilitated. Those interests were politically successful in taking down the U.S. credit system by means of the Jackson and Van Buren administrations. However, Abraham Lincoln, a longtime supporter and advocate of the system of national credit of John Quincy Adams and Alexander Hamilton, revived this system when he began his Presidency.

The first step that Lincoln took was the passage of a strong tariff, the second Morrill Tariff, in the summer of 1861. Hamilton had established that protection of manufacturing is essential for a sound banking and credit system, not only because it generated revenue (customs duties) to fund and support national credit, but also because the specie that was kept on reserve could not be maintained when the country ran a negative trade balance, because imports had to be paid in specie.

Lincoln’s next measure, the policy and issue of “greenbacks,” then created the medium to revive and accelerate the machine of domestic production and commerce.

At the end of 1861, after buying (at a very high in-



Library of Congress

*Under President Lincoln's de facto national banking system, the U.S. built up its infrastructure and industry enormously. One of those major accomplishments was the Transcontinental Railroad, which was completed in 1869. Here, the train carrying one of the principals to the Golden Spike ceremony.*

terest rate) an initial round of U.S. Treasury bonds to get the Union mobilized for the Civil War, New York bankers blocked with British and French lenders to stop all revenue streams to the Treasury. These banks suspended payments of gold owed to those who had made deposits in their banks, ceased their purchase or acceptance of government bonds, and blocked foreign loans. The government responded by taking control of the currency, and issued its own U.S. Treasury notes—"greenbacks"—as a circulating medium of payment necessary for commerce and war. The Legal Tender Act, February 25, 1862, read, "To authorize the issue of United States Notes and for the redemption or funding thereof, and for funding the floating debt of the United States." Despite widespread doubts in Congress, even in Lincoln's Republican Party, the greenback credit-issue policy was as successful as the Hamiltonian national bank policy on which it was based.

Almost one-half of the circulating currency became greenbacks. The Lincoln Administration increased government spending by 300% by creating \$460 million in greenbacks during the Civil War. This legal tender was used, in the first instance, by the Treasury to pay soldiers, contractors, teamsters, manufacturers of weapons and uniforms, farmers, etc. Greenbacks could be used by investors (along with state banks' notes) to purchase bonds sold by the Treasury. From October 1862 to January 1864 the Treasury Department oversaw the selling of more than \$500 million in bonds to individual citizens, enough to finance the greenbacks

that it issued. And the greenbacks were used to pay the war taxes on imports, industry, and high (more than \$800 per year) incomes.

The bonds sold were largely part of the next action taken by the Lincoln Administration, the National Currency and Banking Acts of 1863 and 1864, which, united with the greenbacks measure, and a national funding system, built a system of national banks on the same principle of Hamilton's Bank of the United States. State banks were rechartered as national banks on the basis

of the requirement "to purchase United States stocks to hold as securities for their circulating notes."<sup>2</sup> The U.S. bonds purchased by the banks were deposited in the Treasury, and the newly chartered national banks received greenbacks in return, upon which to lend.

Just as the Bank of the United States and its branches had had a large portion of its capital stock in the form of public debt, under Lincoln's Presidency greenbacks and bank notes now circulated on the basis of the public debt, which the nationally regulated private banks purchased and held in the Treasury. The United States bonds, upon which the greenbacks were issued to national banks for lending, were 20-year annuity bonds, paying a dependable interest, but which were not tradable and were callable only by the government prior to their maturity. As with Hamilton, it was the strict regulation of the terms of the public debt by the government that made the credit which circulated upon that debt a reliable medium for growth.

The greenbacks were safely leveraged on the basis of the 20-year bonds, which were held as security, and which themselves were funded by tariffs and taxes. Import duties far exceeded the interest to be paid out on the bonds, in specie. This surplus specie would be a source to redeem any greenbacks or fund other bond issues.

Lincoln economist Henry Carey described the simi-

2. Wesley Mitchell, *The History of Greenbacks*, 1903, University of Chicago.

larity of Hamilton and Lincoln’s systems, stating, “The U.S. Bank [of Hamilton] did not give us specie, [rather] its notes were current almost on the same fundamental hypothesis, which has given useful circulation to the Legal Tender issues [of Lincoln].”<sup>3</sup>

Following Hamilton’s maxim for public credit, Lincoln’s Treasury Secretary Salmon Chase funded the public debt and maintained the value of greenbacks through import duties and by implementing the greatest array of internal revenue duties in the nation’s history to that point, through an act in 1864 titled, “To provide internal revenue to support the government and to pay interest on the public debt.”

Lincoln’s issue of Treasury notes as currency had been advocated by Hamilton as an addition to National Bank notes, but on a smaller scale, in 1798. In a letter to Treasury Secretary Oliver Wolcott, Hamilton cited the difficulty in collecting taxes under a “defective circulation” and the unreliability of sources of loans from banks alone. To keep the circulation full and to “facilitate the anticipations which government” will need on occasion, he said he had “come to the conclusion that our Treasury ought to raise up a circulation of its own ... by the issuing of Treasury notes payable, some on demand, others at different periods from very short to pretty considerable—at first having but little time to run.”

After the Civil War and Lincoln’s death, Lincoln’s economic advisor Henry Carey, of the Philadelphia group of leading industrializers, made clear in numerous writings that the greenback issues had launched a great rate of industrial progress in the United States. But Carey warned the Treasury’s contraction of greenback circulation from 1866 onwards was the wrong direction for U.S. national credit. Rather, Carey held that with a dozen states reincorporated into the Union and the nation expanding to the west, the greenback issue should have been expanded much beyond the \$460 million circulated during the war. Carey described the greenbacks as a “non-exportable” and reliable internal



Library of Congress

*FDR’s recovery plan depended heavily on infrastructure construction, financed by such agencies as the TVA and the Reconstruction Finance Corporation. Here, construction work at the TVA’s Douglas Dam in Tennessee, June 1942.*

source of credit which was debt-free for its domestic users. With the greenback circulation instead contracted to \$330 million by the end of 1867, American businessmen, farmers, and artisans became more dependent on greater amounts of debt, and the United States’ general industrial expansion again became dependent for credit on European banking centers and on the use of gold. When the United States “resumed specie currency” in 1879, Americans kept their greenbacks and turned almost none in for gold certificates, proving Carey right that their quantity was much too small to meet the demand for circulating credit. Three decades later, in the debt crisis and panic of 1907, President Theodore Roosevelt considered expanding greenback circulation with a large new issue; he hesitated, however, and let Wall Street bankers take the initiative from him with the 1908 Aldrich Act, allowing private banks to issue “U.S.” currency and leading to the Federal Reserve System five years later. The U.S. Treasury has not issued national credit since.

### **Franklin Roosevelt’s RFC**

Franklin Roosevelt’s makeshift national bank took the form of an expanded Reconstruction Finance Corporation (RFC), which famously loaned \$50 billion to every sector of economic activity between 1934 and 1955.

3. Henry Carey to Treasury Secretary McCulloch, December 1868.

The RFC approximated the Hamiltonian credit system with great success throughout the 1930s, where any corporation, industry, or agriculturalist possessing a productive character was able to obtain credit on reasonable assurance of the loan being repaid, at the discretion of the lender. Growth occurred in a structured way because the process of making good on the credit depended on the productivity increases achieved.

Industry and agriculture were saved from unnecessary bankruptcy, and skilled labor and much needed national enterprises were maintained. Instead of allowing prices to be determined by the random interaction of production cycles or the manipulation of Wall Street, the credit of the RFC offset the economic cycles of the private financial sector.

The RFC operated separately from the authorizations and appropriations of the Federal budget, borrowing from the U.S. Treasury according to limits set by Congress. All loans made through the RFC, as loans, and not appropriations, were repaid, not only with a financial profit to the Treasury, but more importantly, with a productivity increase for the nation as a whole not measurable in dollars, not to mention the profit savings in human and productive capital that would have been lost had the loans not been made.

Under Franklin Roosevelt, the RFC was the embodiment of directed credit and operated almost exactly as the Banks of the United States had under Nicholas Biddle and Alexander Hamilton, increasing the overall indirect and direct long-term credit in the economy, itself directly lending to the economy on non-restrictive terms. The striking differences were that it was not the chief depository institution for United States tax revenues, and thus could not lend them out as a source of credit to banks, industries, and other corporations, as had the Bank of the United States. It also did not receive private subscriptions to its capital stock. The RFC was acting in an environment which included the structure of the Federal Reserve Banks, and therefore was not as efficient as the Bank of the United States, which was acting as the chief institution and the key mover in the banking system.

President Roosevelt's 1934 proposal to create national credit banks for industry, directly *within* the Federal Reserve System, and which would act as depositories for U.S. tax revenues, was blocked in the Congress.

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### III. International Credit Agreements for Development

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The recent critical emergence of two new international development banks for non-austerity-conditioned, infrastructure-specific lending—the BRICS New Development Bank and the Asian Infrastructure Investment Bank (AIIB) initiated by China—open up potentials for credit agreements not seen since the Bretton Woods Conference. The critical great projects or “infrastructure platforms” proposed here require cooperation among several nations, including credit cooperation among the major economic powers providing the bulk of capital goods and industrial products for these projects—but *not supranational* direction. The United States and European economic powers led by Germany easily can, and need to, participate in expanding these banks toward the trillions of dollars-equivalent in new infrastructure credits actually required immediately. But they must give up their “green” hostility to the most productive scientific advances and technologies, in order to do so.

The example of the Bering Strait Tunnel crossing and high-speed rail linkage of Eurasia and North America, now seen as increasingly urgent by China and Russia in particular, or the large-scale water-management breakthrough necessary to stop desertification of western North America, illustrate the general principle. The agreements among the countries involved on joint funds or agencies to carry out these great projects, require agreement on issuing credits over the long term and at low rates of interest. Moreover, these nations remain sovereigns with their own national credit systems, so that the long-term credits are required in several currencies with relatively stable parities over the long term, together with currency-swap arrangements among central banks. A current negative example of this requirement is the serious disruption of trade and development projects in Kazakhstan due to the abrupt drop of the Russian ruble's value in 2014 under increasing sanctions.

Over a period now of more than three decades, economist Lyndon LaRouche and his associates have proposed a return to a New Bretton Woods system of agreements that would return to the credit, currency, and banking arrangements among nations of the post-War period, as exemplified by the credit relationship between the United States with its Marshall Plan and



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*The financing of the “German miracle” of the post-war era followed along the lines of FDR’s Reconstruction Finance Corporation, using an institution called the Credit Bank for Reconstruction (KfW), oriented to real physical production.*

Germany with its reconstruction re-financing institution, the Kreditanstalt für Wiederaufbau (KfW).

The grant and loan aid centered in the Marshall Plan, while brief (1947-51) and small (roughly \$125 billion in current-dollar terms), had a relatively powerful impact on post-War European recovery and development because it was firmly embedded in the anti-speculative Bretton Woods system. The aid was in the form of (1) dollar credits, which due to capital controls were *not* re-exported to pay European countries’ war and other foreign debts (despite attempts by Great Britain to break these controls and do just that); (2) goods, particularly capital goods, representing capital goods credit and investment within the United States, and which were paid for in marks or other European national currencies; and (3) direct dollar aid, used for purchases such as imported construction materials, capital goods, and food. There was no attempt to “integrate the nations back into international capital markets,” which would have triggered capital flight and rapid devaluations. The European nations “paid for” the goods and loans by creating equivalent “matching” credit funds in

their own currencies, used to generate increasing internal national development credits (the KfW being by far the most successful, high-impact, and long-lasting in this policy). The European Cooperation Agency, which served as a small international development bank under the European Recovery Program (Marshall Plan), was dissolved in 1958, and by that time all the European nations were integrated into the Bretton Woods system; their currencies were convertible at fixed rates. There was no significant use of dollars by these countries except for purchasing U.S. exports and settling trade imbalances; bank accounts in foreign countries’ currencies were prohibited under Bretton Woods except for trade purposes.

With imperfections, the principle of international exchange of development credits was there. The KfW played the same internal development-credit role in Germany, relative to credit initially generated from the United States, as Alexander Hamilton’s first United States Bank had played for U.S. development, relative to the European banks which heavily invested in Treasury Secretary Hamilton’s Bank in 1791. Hamilton’s design of the Bank, its sinking funds, and the new tax revenue which supported it, prevented its invested capital from flowing immediately back out to pay the relatively huge debts of the then-bankrupt United States, and directed it instead, into development including of canals, roads, and iron industries. In Henry Carey’s phrase, the circulating currency created by Hamilton’s bank was “non-exportable,” and so was the credit created in Germany by the KfW in the post-World War II period.

Benjamin Franklin and Alexander Hamilton, and later Mathew and Henry Carey, explicitly insisted on *protection* as a feature of national banking, to prevent the newly invested capital of the bank from being rapidly dissipated. For example, without regulations to protect manufacturing and thereby reduce imports, which require payment in real money (then specie, today dollars), the strain on the national bank and its branches for such payment will break the system.

The Bretton Woods system was broken up fundamentally under the impact of the Eurodollar markets, which first appeared in the later 1950s in the form of London (and offshore London) banks creating accounts for U.S. dollars which paid significantly elevated interest rates, accounts not for trade but for purposes of investment in the international securities



*The destruction of the Bretton Woods System in August 1971, by the likes of officials like George Shultz (shown above), went a long way to destroying the basis for financing long-term development globally.*

markets, sovereign debt markets, and later, for *foreign exchange speculation*. This was allowed by regulators to occur and expand exponentially. By 1979 two-thirds of all U.S. dollars were circulating outside the U.S. economy—“Eurodollars,” “petrodollars,” etc.—and the resulting inflation had detached the dollar from the gold-reserve basis and broken the Bretton Woods system of fixed currency rates. The resulting “floating exchange rate” regime also seriously negatively impacted the International Bank for Reconstruction and Development (IBRD) (i.e., the World Bank) as a credit mechanism for development, because the capital contributions and the loans of that Bank were overwhelmingly in U.S. dollars and loans had to be repaid in currencies usually devaluing against the dollar.

The United States, China, Russia, and Japan all possess the ability to issue national credit and currency in large amount for development purposes—the United States because of its large, funded, and universally accepted debt that can be converted to development credit by creating a national bank for large projects; the other three nations because they possess large net foreign exchange reserves on which to base national credit issuance through government banks. The new international development banks provide the starting vehicles. China already does this; it has accumulated more than \$3.5 trillion in foreign reserves through trade and issued *a multiple of this* in currency emission through state banks since 2007. If a fraction of this emission has fos-

tered real estate and commodity bubbles (aided and abetted by major British and Hong Kong banks and other financial firms), the great majority has created infrastructure, productivity, and growth. If linked to the emissions of other great powers’ national banks for specific great projects, China’s national development credit will be safer from the speculative obsessions of the world’s (particularly London’s and Hong Kong’s) investment banks and hedge funds. The United States Congress, in any given month, can create a *Third* U.S. National Bank with \$1 trillion capital or more, capitalized by holders of United States Treasury debt securities investing them in such a bank in exchange for stock or long-term debentures of the Bank; and issue international project credits through this Bank. Or, the United States can issue a comparable sum of Treasury notes (“Greenback” currency), backed by special long-term and non-callable Treasury bond issues, for the same purpose of international project credit.

The fifth great economic power, India, has created its India Overseas Investment Corp (INOIC) on the lines of a sovereign wealth fund to lend financial muscle for securing access to overseas natural resources. INOIC will not, however, be India’s sovereign wealth fund in the conventional sense. It will be patterned on the government’s holding arm and registered with the Reserve Bank of India as a non-banking financial institution.

The company will raise funds through rupee bonds of 15-20 years with sovereign guarantee. State-run entities, banks, and financial institutions will subscribe to these papers using their surplus funds. Sovereign guarantee will allow the interest rate to be set marginally higher than government securities. The bonds can also be made part of banks’ statutory liquidity ratio (or minimum cash that banks have to keep overnight) to help them subscribe. INOIC will not borrow from the Reserve Bank of India.

India thus can be ready to participate in the BRICS New Development Bank and the new AIIB, as it develops its export capabilities particularly with the other Asian nations.

For an International Development Bank (IDB) to be capable of driving the great projects discussed in this report, some among these great Eurasian economic powers, hopefully in cooperation with the United States, must issue credits in their own currencies to cap-

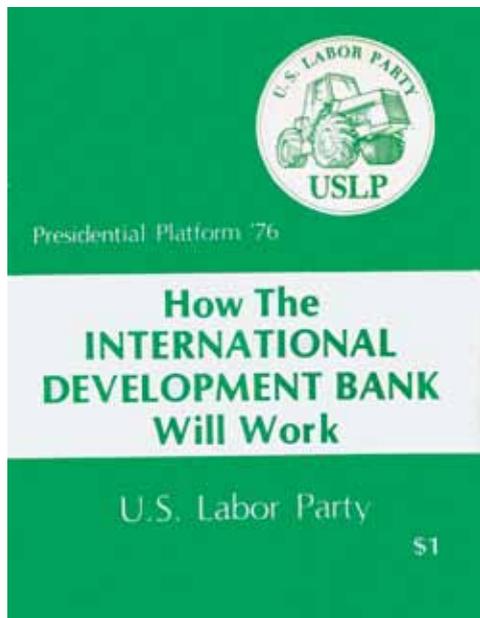
italize an IDB, created by treaty, with several trillion dollars equivalent in capital, so that it becomes the ultimate funder and initiator of investments in the great projects.

One or more sovereign wealth funds of other nations may also invest capital in the IDB, but the credit issued to it by the cooperating economic powers must define how it is capitalized—by 20- to 30-year debenture investments of an “annuity” type, paying a dividend but callable only by the Bank itself should it decide to reduce its capital for any reason or to accept other investors. This is the same principle on which national credit banks, able to invest in the IDB, will be created by the United States or other investing nations, insofar as their credit for investment is not created on the basis of trade surpluses and foreign reserves.

In making equally long-term loans for the development of projects in individual nations, the IDB will book a credit with the national development bank of the nation involved, which will use that as the basis to issue credit in its own currency to authorities and enterprises carrying out the work. By design of the national development banks in the borrowing nations, and by capital controls, this currency too must be “non-exportable” except for trade.

The borrowing nations must establish not only capital controls, but more importantly exchange controls, to ensure that no IDB credits are diverted to flight capital or “carry trade” securities investments, and that their use for development projects pre-empts any attempted use for repayment of other sovereign debts of countries receiving credits.

Furthermore, it is necessary to the effectiveness of the IDB’s development credit issuance that over-indebted nations with sovereign debts which have been imposed on them illegitimately, in whole or in part, be able to place the illegitimate debt in moratorium, replacing it with much longer term debt if agreements cannot be made to write down, or write off, such debt. Otherwise the borrowing nations’ fiscal burden of for-



*Lyndon LaRouche first proposed the framework for a new international credit system in 1975, with his plan for an International Development Bank. That then became a major part of his presidential campaign platform in 1976.*

eign debt repayment will harm their ability to participate in the IDB’s credit issuance for vital great infrastructure projects.

This IDB can be a means of debt reorganization for over-indebted nations or groups of nations requiring IDB credit for great infrastructure development platforms.

Many nations of the world labor under unpayable, and wholly or partially illegitimate debts resulting from (1) extremely unfavorable terms of trade imposed upon them, or corrupt spending of development loans, or both (the cases of Argentina and Mexico, for example, which dealt with the problem differently), or (2) the rapid loading of debts onto governments in order to bail out private banks’ bad debt (the cases of Ireland and

Greece, for example). In these cases, the over-indebted nations can, as of a date certain, issue low-interest and long-term sovereign bonds to the IDB *to replace by agreement, their debts owed to major economic powers issuing credit to the IDB as described above; and by agreement, their debts to international lending agencies such as the International Monetary Fund and the European Central Bank. The IDB can use these bonds as the basis for issuing credits to those nations’ national development banks, in those nations’ currencies.*

Where national and regional authorities receive loans from the IDB *in order to carry out the actual creation of great infrastructure projects and/or scientific and technological developments*, which will generate highly productive economic activity as well as revenues for them, they will repay these IDB credits in the same way—by creating national credit banks, on the model of the KfW in Germany for decades after World War II, both to generate additional internal development credit and to invest in the IDB themselves, using their own national currencies.

Lyndon LaRouche described this process, in his 1982 book-length *Operation Juárez* proposal to the nations of Ibero-America for debt reorganization and

development, as being identical in its requirements for debtor nations and for the (then) creditor nation the United States:

1. In no republic must any other issues of credit be permitted, ... excepting (a) Deferred-payment credit between buyers and sellers of goods and services; (b) banking loans against combined lawful currency and bullion on deposit in a lawful manner; (c) loan of issues of credit created in form of issues of national currency—notes of the Treasury of the national government.
2. Loan of government-created credit (currency notes) must be directed to those forms of investment which promote technological progress in realizing the fullest potentials for applying otherwise idled capital-goods, otherwise idled goods-producing capacities, and otherwise idled productive labor, to produce goods or to develop the basic economic infrastructure needed for maintenance and development of production and physical distribution of goods....
3. In each republic, there must be a state-owned national bank, which rejects in its lawfully permit-

ted functions, those private-banking features of central banking associated with the Bank of England and the misguided practices of the U.S.A.'s Federal Reserve System....

4. No lending institution shall exist within the nation except as they are subject to standards of practice and auditing by the Treasury of the government and auditors of the national bank. No foreign financial institution shall be permitted to do business within the republic unless its international operations meet lawful requirements for standards of reserves and proper banking practices under the laws of the republic, as this shall be periodically determined by proper audit ('transparency' of foreign lending institutions).
5. The Treasury and national bank, as a partnership, have continual authority to administer capital controls and exchange controls, and to assist this function by means of licensing of individual import licenses and export licenses, and to regulate negotiations of loans taken from foreign sources....
8. Sovereign valuation of the foreign exchange value of a nation's currency must be established.... The first approximation of the value of a nation's currency is the purchasing power of that currency within the internal economy of that nation. What are the prices of domestically produced goods and services, relative to the prices of the same quality of goods and services in other nations?

Because trade will increase among the nations participating in the treaty agreements for the building of these great projects, both those issuing credit through the IDB and those receiving loans, the national banks of the participating nations will necessarily create currency swaps large enough for increasing trade payments in each others' currencies. These currency swaps for *increases* in trade, can provide the basis for agreements on stable ranges for exchange rates between and among currencies.

The responsibility and purpose of the International Development Bank is to guarantee that development credits issued by nations go exclusively into the development of the new infrastructure platforms and technological developments most important to increase the productivity of national economies and of the labor forces of the human species.

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—Lyndon LaRouche,  
Feb. 11, 2013

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## Editorial

### *Hamilton's New York*

Don't look to Washington, D.C. for leadership in the deepening political crisis in the United States. The nation's capital is once again the center of the Confederacy, a nest of thugs, toadies, and special interests controlled by Wall Street. Look instead to New York City, specifically Alexander Hamilton's New York City.

New York City was the political crucible in which the young Alexander Hamilton, fresh from the West Indies as a teenager, arrived in the early 1770s, with a determination to make history. There, in collaboration with other patriots, and in brutal political combat with agents of the British Crown, his genius matured, and he developed the ideas of political economy on which the U.S. Constitution, and the young nation, were based.

In one sense these ideas were not new. Hamilton's scientific outlook is identifiable as that of German philosopher-scientist Gottfried Wilhelm Leibniz, himself a continuation of the Renaissance tradition of Nicholas of Cusa and Johannes Kepler—in contrast to the miserable social contract theories of John Locke, Isaac Newton, David Hume, and Thomas Hobbes. Hamilton asserted that Natural Law dictated that mankind dedicate himself to what Leibniz would have called the “science of happiness,” and create a political system which brought people together to accomplish that end.

New York City provided a natural base for these ideas. After seven years of British occupation during the Revolutionary War, the city was returning to its vibrant commercial life, and growing rapidly, attracting immigrants from all over the world who were looking for a chance to participate in the world's first truly republican society. When Hamilton was leading the fight for the

adoption of the Constitution in 1787-88, he could count on the support of thousands of artisans and craftsmen, who saw in his economic vision, the future which they craved for themselves and their posterity.

The high point of that support was shown in an extraordinary demonstration on the morning of July 23, 1788 in support of the new U.S. Constitution. Five thousand men and boys representing 60-odd trades and professions showed up, all in costume and accompanied by colorful floats and banners proclaiming the happiness and prosperity that would follow from a stronger national union. The procession was led by the figure of the “Genius of Liberty” Christopher Columbus. Artisans dominated the first eight divisions in the line of march, followed by lawyers, merchants, and clergy—testimony not only to the depth of support for the Constitution among working people, but also to the importance of the organized trades in the public life of the city after Independence.

As the procession moved through the downtown area, towering over every other display was the Federal Ship *Hamilton*. A scaled-down 32-gun frigate, 27 feet in length, it was pulled by a team of 10 horses. A nearby banner of the Ship Joiners proclaimed: “This Federal Ship Will Our Commerce Revive/ And Merchants and Shipwrights and Joiners Will Thrive.”

The LaRouche movement is currently embarked on an organizing drive to revive Hamilton's outlook in the United States, and to get America to join with other nations now adopting it for themselves. New York City is the center of that national fight to dump Hamilton's enemies on Wall Street—and rebuild the nation. Join the fight.

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