Phoenix Project Syria: Discussion Points on the Reconstruction of Syria

by Ulf Sandmark and Hussein Askary, *EIR*

Stockholm, Oct. 16—The following "Discussion Points on the Reconstruction of Syria" were prepared after discussions with Syrian government authorities. The Swedish association the Syrian Support Committee for Democracy visited several government ministries and authorities in Damascus, December 2014. EIR *Stockholm correspondent Ulf Sandmark participated in the delegation's week-long visit to Syria. See "Will the West take the road to Damascus?" Hussein Askary is the editor for the* EIR *Arabic language edition. This document is available in Arabic there.*

Stockholm, October 16—**Why discuss reconstruction in the midst of a devastating war?**

Hope makes Man human. The Hope for reconstruction mobilizes the creative powers of Man, and is what puts his soul closest to The Creator.

By elevating the eyes to the vision of postwar reconstruction and development, the Syrian nation can demonstrate in the clearest way its view of Man in contrast to the evil and meaningless destruction personified by its enemies. This will be obvious not only to ourselves and the world, but not the least to those enemies who can think, convincing them that their warfare will not lead to something better for themselves. A reconstruction plan will show those enemies that they would have a better future cooperating with the Syrian government than by continuing their warfare.

The Hope for the future of Syria is its most powerful weapon against the pessimism, desperation, and inhumanity of the enemy.

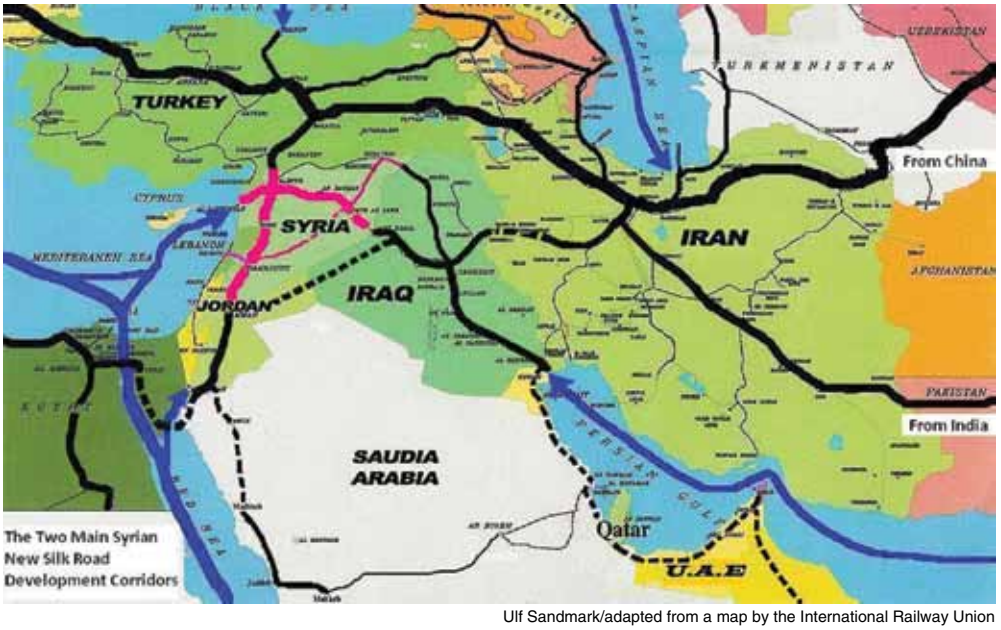
Who Has Hope and Who Does Not?

The BRICS (Brazil, Russia, India, China, South Africa) has brought half of mankind into an organization dedicated to a paradigm of development and prosperity for themselves and the world. The BRICS has finally put a strong organized force behind the hopes expressed by the Third World in their Bandung conference, the Non-Allied Movement, and the Group of 77, to lift the world out of poverty and colonialism.

In contrast to Syria and the BRICS, the Western world is dominated by its globalized financial system that offers no hope. Of the two quadrillions of U.S. dollars in paper value, more than 90% represent specula-

FIGURE 1

Linking Syria to the New Silk Road



Ulf Sandmark/adapted from a map by the International Railway Union

The magenta "crossroads" shown in Syria, depict the authors' vision of how that war-torn nation can be linked up with already existing and planned (dotted) Silk Road routes.

tive debts. This is a financial pyramid game without comparison in world history, and has only been kept afloat by unending capital injections from Central banks and state budgets. The desperate condition of the Western financial system has pressured Western politicians into allowing massive financial looting of its citizens and the real economy.

The looting is exemplified by the Greek crisis, but has had a much more devastating impact on the Third World. It is not as easy for the Western banks to loot the BRICS nations any more. The method for imposing the looting and domination over the BRICS and other independent nations is the destabilization and chaos that terrorists and regional wars can spread into all of Central Asia, China, India, and Russia to break the resistance and leadership of these major nations.

SANA

Electrical workers at work in the suburbs of Damascus. Repairing the electricity grid will be a major task of reconstruction.

Syria is on the front lines of this policy called geopolitics, which is the method of the old British Empire to suppress competing and emerging world powers. Since the United States currently supports this British geopolitical doctrine, the threat of use of the U.S. nuclear weapons is included in the extortion method against the BRICS nations—which puts the world on the brink of an immediate total catastrophe.

It is the desperation and lack of hope in the Western financial system and the old colonial powers, which are projected against Syria and other war-torn nations, in the form of terrorism and the policy of regime change. What would fundamentally halt the policy of war is a solution for the financial crisis, with a banking reform and a restart of the physical economies of the Western world.

These proposals have been put forward by the American statesman Lyndon LaRouche and his wife Helga Zepp-LaRouche and the Schiller Institutes internationally. Many Western politicians are now pursuing these same proposals to solve the financial crisis. The strongest hope for the world is the immense push by the BRICS nations for a new paradigm for world development. Together these forces still have the possibility of turning Europe and the United States away from the policy of war. The heroic resistance of the Syrian Arab Republic against the imperial forces is therefore part of a both military and economic struggle. It unifies the peoples of the whole world in the hope and struggle for a new just economic world order.

How Can Reconstruction Be Financed When The Nation Has Been Ruined By War?

The freedom Syria is struggling for is to establish thefoundation for the Syrian economy and its right to create credit and money. The people, the land, and the country's natural resources have a huge potential. With a reconstruction and development plan an even greater potential is created.

A farmer or an entrepreneur will need credit from someone else to realize his potential. A free nation can make its own decisions to realize its potential. It can do that by deciding to give itself credit, using its own future productivity as the security for the credit. For this a special financial system called a "Hamiltonian credit system" is needed.

The starting point for a credit system is a vision for reconstruction. Optimally it will include a development plan declaring step by step what the nation intends to have accomplished at defined future dates. With this plan as the foundation, the government can issue the necessary credit to put all the available workforce, tools, and materials to work. The government or its authority gives the permission for projects to start and at the same time provides for the credits. The projects can be run by either private entrepreneurs or government authorities.

For the issuing of this reconstruction credit, the government needs an institution devoted to the rebuilding

of the nation, such as a National Bank or a special new Reconstruction Bank. The nation of Syria can raise the capital for this bank in a way similar to the way Egypt mobilized its people to finance the Suez canal: by issuing stock offerings directly to the citizens of Syria at home or in the diaspora.

By these means, the Reconstruction Bank will have its own capital to be able to issue credits. The Syrian government should keep majority control over the Reconstruction Bank. Beside this normal bank credit mechanism, a special "Hamiltonian credit" should be provided by the Government, either directly or through a National Bank, to the Reconstruction Bank. With this complementary credit mechanism, the government can administer enough credit for the fastest possible reconstruction of Syria.

When the government has given permission for a project to start, the Reconstruction Bank releases the necessary credit to an account for the project. The authorities or entrepreneur, who has the government contract for the reconstruction project, pays his suppliers and workers with the credit from this account. This will go on until the project is finished. All the new credits from the Reconstruction Bank then will have their security in the accomplishment of the finished projects.

How Can the Private Banks Be Mobilized for Reconstruction?

The right to issue credit is a crucial natural resource of a nation, to be used under the control of the government for the reconstruction. It is imperative that the credits are not recirculated into speculation or pyramid schemes, as in the banks of the Western globalized financial markets today. Therefore, the Syrian commercial banks have to be limited, and not be allowed to do any investment banking, like proprietary trading or the issuance of securities. This does not mean the banning of investment banking, but that part of each bank must be separated totally—regarding ownership, staffing, board officials, auditing, etc.—from any commercial banking.

From the time of U.S. President Franklin Roosevelt until 1999, there was a bank separation law in the United States called the Glass-Steagall Act, prescribing full bank separation. As long as that banking act was in force, there was no systemic crisis in the U.S. banking system. With such a bank separation law introduced in Syria, the commercial banking system can be mobilized for reconstruction. Only then will the credits from the Reconstruction Bank be recirculated in the banking system, creating ever-widening positive effects (like ripples in the water) in the physical economy.

Furthermore, as long as reconstruction goes on, the credits from private banks should be strictly controlled, to ensure that they are directed in accordance with the reconstruction plan to the categories of loans necessary for the physical needs of the industries and the people. The expansion of credit is thus tied to the physical economy.

With a regulated commercial banking system, the Reconstruction Bank can use the private banks to transmit its credits to the contracted entrepreneurs and to handle the payments. In such a case, the entrepreneur with a contract goes to his local bank, which in turn applies to the Reconstruction Bank for the credit allowed for the project.

Is the Nation Compelled To Get into Foreign Indebtedness To Reconstruct?

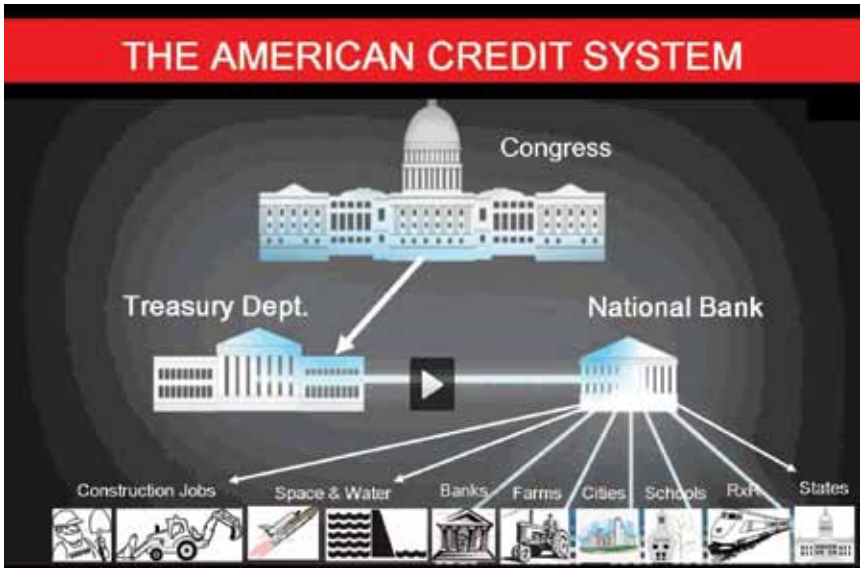
A domestic Hamiltonian credit system can enable all national labor and resources to be fully employed, but it cannot pay for what has to be imported. For that, foreign currency from export income, primarily, is needed, but this will not be enough for the reconstruction and development efforts. Syria will need huge loans in foreign currency to be able to import the necessary machines and equipment. These loans could be linked to the Reconstruction plan and the value of the projects they are to finance. In this way the loans and their interest rates can be adapted to the long-term repayment possibilities derived from the project.

Syria can not count on any bigger loans from the Western financial institutions in crisis. However, there is another method for getting credit in foreign currency even in the midst of a financial crisis: through bilateral trade agreements with interested Western nations. With this method, a nation can agree to issue a government credit in its own currency to finance export of machines or supplies to Syria. An array of such bilateral trade treaties with interested nations can provide the deliveries of the necessary foreign supplies for reconstruction.

The New Development bank of the BRICS nations has now been established to supply credit according to the new paradigm for a new just economic world order. The bank will provide credit according to the potential of projects in the future, and not from the current payment capacity of those nations initiating the project. The same principle will be applied by the many other new funds set up to enable the many New Silk Road projects. In this way an independent Syria has great potential to get its financing in foreign currency for impor-

tant large-scale infrastructure projects.

As foreign indebtedness in the new paradigm corresponds to the new projects realized, it will be a good indebtedness. The more of such debt incurred to increase the potential of the nation, the better. Such debt will not be bondage, but a measurement of the amount Syria invests in its future potential.



What Syrian Potential Would Be Unleashed by a Credit System for Reconstruction?

1. The population as the carrier of all potential. Without priority being placed on food supplies, emergency housing, health care, education, and jobs, the potential of the whole population cannot be unleashed. For this, the broadest possible mobilization of the available resources of the nation is necessary, starting from government authorities all the way down to the micro level of local administrations. With a credit system available, in addition to their normal income, local administrations would be able to take part in the directed credits from the Reconstruction bank. This would put all available local resources into action to reconstruct schools, hospitals, power, and water systems, as well as food and other vital production that could be rapidly expanded.

Special credit lines can be directed to the former owners of industries and farms destroyed by the war, and also to entrepreneurs willing to start new businesses.

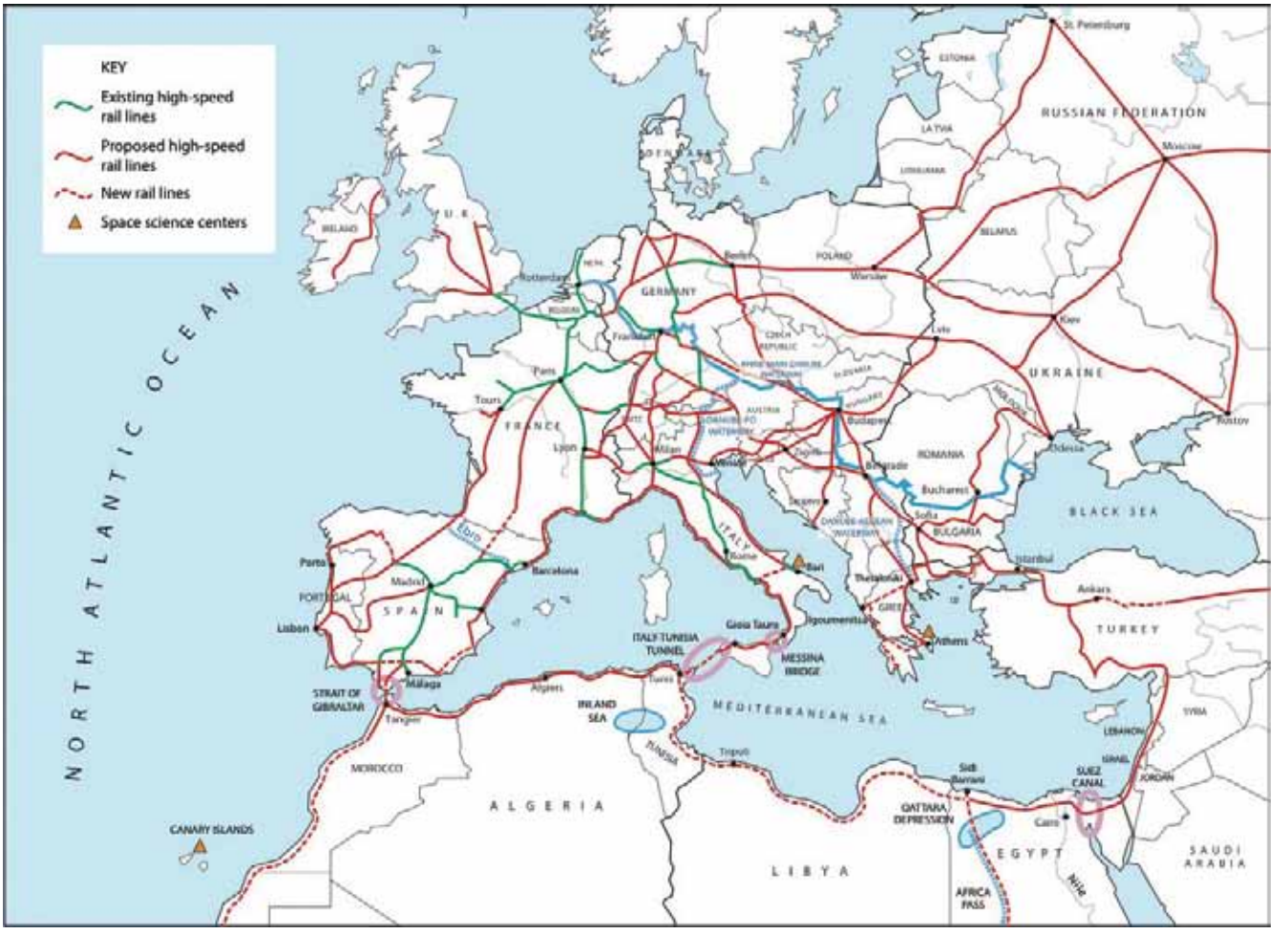
The targeting and destruction of all Syrian pharmaceutical industries by the enemy underscores its strategic importance and the same goes for the embattled oil, gas, and petrochemical sector. Also, the processing of the cotton production and other agricultural products in, for example, Syria's famous textile industry is a major reconstruction task, in addition to the whole industrial sector. Temporary work brigades mobilizing the unemployed could also be financed in the same way, to build what is necessary, and at the same time train the unemployed for more and more qualified work. The Army Corps of Engineers could provide the kernel for these work brigades, and with such reconstruction projects continue its defense of the Syrian people.

2. Reconstructing infrastructure and branches of industry with the most potential. With credits from the Reconstruction Bank, Syria can finance its urgent infrastructure needs: energy, power, water, and communications. The credits can be expanded until all available qualified labor, materials, and machines in the nation are fully employed. In this way reconstruction can be organized in the most efficient way, according to the potential of future infrastructure development.

Thus also, the reconstruction can be oriented directly to the development of an infrastructure platform on the highest level of technology and productivity. Syria's war experience with the most advanced technologies for avionics, electronics, and machinery can be the basis for the introduction of new civilian branches of industry on such a new technological level, a kind of reconversion. A major upgrade of the chemical industry based on the strategic oil and gas resources can promote new industries producing fertilizers, plastics, iron, pharmaceuticals, and high tech products. Also, in the new paradigm of the BRICS, the nuclear industry that was destroyed by Israel can be resurrected both for power production and water desalination, and bring Syria into the era of isotope exploration.

3. The potential of new technology in the reconstruction. Special attention and credit should be directed to finding possibilities for jumps in technological evolution, since old equipment has to be replaced anyway. For instance, new power cables could be paired with telecommunication fibre-optic cables The criteria for what technology should be prioritized is its energy density. Just as the increase of energy density in the weapon of the soldier, considering precision and power per square inch, increases the impact on the enemy,

FIGURE 2
Mediterranean Basin Great Infrastructure Projects



EIRNS

An overview of the projects profiled in EIR's *"Program for an Economic Miracle in Southern Europe, the Mediterranean Region, and Africa." The full report can be accessed at www.larouchepub.com.*

energy density is the parameter for the peaceful worker to increase his productivity and to find the highest potential for profitability in the physical economy.

4. Projection of the potential of the New Silk Road into Syria. The potential for connecting Syria with infrastructure routes from the Mediterranean Sea, the Indian Ocean, the Red Sea, the Caspian Sea, and the Black Sea has been the visionary idea of President Bashar Assad in his "Five Seas Strategy." The massive growth of the BRICS countries and all their initiatives to develop the New Silk Road strategy, both on land and on sea, will be projected into Syria, as long as this vision is guiding Syria's planning for new infrastructure.

The Silk Road strategy is not about just transport, but how two international development corridors, one East-West and the other North-South, will bring long-term vitality and growth to the ancient crossroads of Syria. Besides railways, it includes a broad range of other infrastructure, such as pipelines, water projects, industrial zones, agriculture. as well as city building. The New Silk Road paradigm puts on the planning table such visions as the greening of the desert, diminishing the effects of sand storms, and reconquering of vast desert territories for agriculture and settlement in cooperation with neighboring nations, for a maximum use and development of the water resources.

How Can the New Silk Road Be Projected Into Syria?

1. The link to Baghdad and Teheran. The strategy of China's "One Belt, One Road" to develop the old Silk road into development corridors with modern

transport systems and infrastructure, is reaching into Europe, but also into Southwest Asia, Egypt, and Africa. A land route with a railway will be built via Iran to Egypt along the route from Teheran over Kermanshah to Baghdad, Amman, and Aqaba. Through a planned tunnel at Sharm el Sheik, the railway will reach Egypt and its capital Cairo. This new railway will come close to Syria and enable a railway to be built from the Syrian end station of the railway along the Euphrates river, Deir Ezzor, to Baghdad.

In this way, the old Silk Road along the Euphrates from Basra will have a railway connection and become the main East-West development corridor for Syria; it will bring new energy to the devastated industrial zones of Raqqa and Aleppo. Such a railway, built in cooperation with Iraq, will be a big step toward making the Five Seas Strategy a reality, as it connects Syria to the Arabian Gulf and the Indian Ocean.

The railway connection from Baghdad and Teheran would also bring trade on the overland Silk routes from China and India. The main Middle Silk Road corridor through Western China and Central Asia passes through Teheran. The land route from India is also within reach, as the Iranian railway network is built all the way to Zahedan on the border to Pakistan, which has a rail connection from India that will be opened sometime in the near future.

The railway from Teheran enables also the connection from the Caspian Sea Region, as the next step in the "Five Seas Strategy." The transports from Russia on the so-called North-South Corridor linking up St. Petersburg with the Iranian harbor Bandar Abbas, and later also Chabahar, on the Indian Ocean coast, will go both on the Caspian Sea and on railways on both sides, which also will become connections for Syria.

Basra is within reach to be connected to the planned high speed railway along the Western side of the Arabian Gulf from UAE to Kuwait. This railway will eventually be linked up to Oman and Yemen. All these trade routes will, like the old Silk Road, be projected into Syria towards Aleppo. Then this development corridor will continue to the devastated Idlib region, and then down to the port of Latakia, which will have to be expanded.

A next step to open up the old East-West Silk Road routes will be to build the railway from Deir Ezzor to Tadmor/Palmyra, the legendary Silk Road city, where Silk Road festivals were held each year before the war. This missing link will create a railway from Teheran and Baghdad directly to Damascus and Beirut.

2. The link to Cairo. The dynamic development of Egypt, with the giant planned industrial zones along the New Suez Canal, will be brought directly into Syria when the railway link from Cairo to Amman in Jordan will be opened. The old railway from Jordan can be reconstructed as a high-speed railway to Damascus, and to the big cities Homs and Hama all the way up to Aleppo in the North. In this way also the Red Sea Region will acquire its railway link to Syria from the Aqaba harbor. The Egyptian plans for rail connections along the Nile river to the South, will not only bring trade to Syria from Sudan, but also along a planned railway from Eastern Africa through Ethiopia, the fastest growing economy in the world.

When the Hedjaz railway has been rebuilt as a high-speed system, Damascus again will become a main point of departure for journeys to Medina and Mecca. A connection from Yemen will also be opened along this route, and also one from Africa through the planned tunnel under the Bab El Mandeb strait from Djibouti.

From Egypt the construction of the stalled Arabic Gas Pipe Line will resume, so it can be connected in the Homs region in Syria to the new planned gas pipeline from Iran to Syria. This pipeline will greatly facilitate the export of gas production, and the distribution of the production needed for domestic consumption for all the nations involved.

3. The Northern link from Europe, the Black Sea Region, and Russia. When the Northern border of Syria has been opened, the main transport route across Syria will be opened with the railway from Europe, which will soon become a high-speed rail connection to Cairo. This will bring energy to all Syria's major war-torn cities: Aleppo, Hama, Homs and Damascus. In each city, a local transport system could be speedily built, if the low noise maglev technology is chosen. This technology has a higher speed and energy density than others. At the same time it can be built rapidly because the guideways are placed on pillars, and thus avoid creating problems with work on archeological sites such as halted the construction of the subway system in Damascus in the past. The railway, the local transport systems, and other infrastructure will integrate the cities and their regions into a broad North-South development corridor right through the whole Western part of Syria.

In addition, the Chinese trade with Europe along the main Middle Silk Road corridor through Iran and Turkey will be connected in Turkey to the North-South development corridor through Syria. Through Turkey, trade will be drawn from Armenia and Azerbaijan and through them also from Russia. The Black Sea region will be connected into Syria through the Samsun and Istanbul ports, the latter of which is also the destination for the new "Viking Rail Line" from the Klaipeda port in Lithuania and will create a trade route from the Baltic Sea Region and Sweden.

4. The Mediterranean link. After the inauguration of the New Suez Canal in August of this year, enormous ships can now bring new cargo flows from China and India on the Maritime Silk Road into the Mediterranean Sea. There are on-going construction and plans for expansion of a series of ports such as Piraeus in Greece and Taranto, Crotone, and Gioia Tauro in Southern Italy, to handle these new cargo flows and to build high-speed rail lines, northwards, to Central Europe through both Italy and the Balkans. China is participating in the planning of a new canal through the Balkans, from Thessaloniki along the rivers Axios/Vardar and Drina, all the way up to the European main artery of transport, the Donau river, which draws traffic from the great Rhine river in Germany. This will also enable transport to Syria, if Syria's main Mediterranean ports Tartous and Latakia are expanded.

The whole Mediterranean Sea should become a region of development to counter the economic crisis and unemployment in Northern Africa and Southern Europe. To make this happen an *EIR* task force put together a Marshall plan for the region: Program for an Economic Miracle in Southern Europe, The Mediterranean region, and Africa, with many of the projects of the future listed, such as tunnels between Sicily and Tunisia, and under the Straits of Gibraltar.

Along the North African coast, Egypt will construct its nuclear station for power and for desalination of sea water, which will enable development of agriculture, industry, and settlements. Desalination projects are possible on other places along the coast of Africa, but are especially necessary at the Gaza Strip, which is running out of fresh water. Tunisia has a great potential in the salty marshes called Sud. Since early in the Twentieth Century, there have been plans for water projects there, to remove the salt and make a vast region in the south of Tunisia and eastern Algeria into a fruitful agriculture area.

Other important projects on the table are designed to direct water from Central Africa to the north. The Africa Pass project plans to bring the water all the way to western Egypt close to Libya. There the great Qattara Depression, which is under the sea level of the Mediterranean, should be filled up with fresh water, forming a big lake. In addition to new railways and roads along the canal through the Sahara to a big port on the Mediterranean Sea, an array of cities can be built and a vast desert region can be populated.

This is also the intention with the Transaqua project to bring surplus water from the Congo River in a canal into the Lake Chad basin. This brings enormous development opportunities by saving the Chad lake and the opening of a vast region, in the southern Sahara, for resettlement and development. The New Development Bank of the BRICS nations could make these projects possible.

It is necessary to pull Europe and the United States into cooperation with the BRICS-nations around this development policy. In this way the Western nations would begin the process of developing their own real economic potentials, instead their continued collapse with their sick financial system and their genocidal war policy.

For further study

In English: Details about the Hamiltonian credit system:

Draft Legislation: To Restore the Original Bank of the United States. Click here.

General history about the Hamiltonian credit system:

https://larouchepac.com/credit-system

The recovery accomplished with the Hamiltonian credit system by U.S. President Franklin Roosevelt's New Deal:

http://www.larouchepub.com/eiw/public/2002/eirv29n34-20020906/eirv29n34-20020906_056-fdrs_reconstruction_finance_corp.pdf

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In Arabic

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In German

http://www.solidaritaet.com/neuesol/2015/44/phoenix.htm

In Swedish

http://www.larouche.se/node/4134

FIGURE 3

Eurasian Rail Network Plan as First Presented by LaRouche's Associates in 1992