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Economics as History:

The Science of Physical Economy

by Lyndon H. LaRouche, Jr.

Introduction:

In the Image of the Creator With this present opening of this third section of this trilogy on the underlying, practical foundations of the science of physical economy, we have presented ourselves with the task of untangling the most crucial of the issues posed by recorded human history, with emphasis on the history of European civilization from its ancient to modern times, up to the present day. This confronts us now, in the form and implications of the greatest threat to civilization as a whole known to us in an approximation of systematic terms, from the relatively earliest to present part of that history. This is also, in part, the history of a social disease.

That sickness, which now, immediately threatens all mankind with the gravest, most genocidal collapse of the human species in known times, confronts us with the heritage of all of those most crucial errors in generally accepted beliefs which have been accumulated, from the earliest to present records of organized forms of civilizations, to the present day. The greatest follies of mankind today lie, therefore, in much of what conventional beliefs and practices mistreat as virtually axiomatic truths...

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The Science of Physical Economy

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Obama's 'All Youth Left Behind' Sends Jobless Rate Soaring

London-Linked Bankers Move To Perpetrate Another Fraud

Sept. 11 (EIRNS)—In keeping with the demands made at the April 2 London G20 finance ministers meeting by British Prime Minister Gordon Brown and U.S. Treasury Secretary Timothy Geithner, that the G20 countries continue to employ a stimulus program—i.e., a policy of unlimited bailout of the bankrupt financial system—the American Bankers Association (ABA) sent a letter to Geithner and Federal Reserve chairman Ben Bernanke demanding that they use the upcoming G20 meeting in Pittsburgh, to curb efforts by the Financial Accounting Standards Board (FASB) to change present accounting methods used to determine the value of the toxic debt on the books of banks and financial institutions. The FASB has called for a return to mark-to-market accounting, by which banks must value assets on their books at present market value, rather than at artificial values determined by mathematical models.

The FASB has been under pressure from the banks, and has been wavering in its demand for a return to mark-to-market accounting, postponing the adoption of new rules until the end of 2010. While this gives the bankrupt financial institutions another year to prop up their dead assets, through demands for trillions more dollars in hyperinflationary bailouts, this is not enough for the looters, who demand the right to continue to carry worthless assets on their books, and to buy and sell them with funds provided at taxpayer expense, with no intervention by any regulatory agency.

If the FASB proposal for a return to mark-to-market accounting were applied, trillions of dollars of financial paper currently held by financial institutions would have to be wiped from their books. This is why the ABA insisted that Geithner and Bernanke act on their behalf. The adoption of the FASB proposal, the ABA stated in their letter, would undermine the G20's efforts to strengthen the financial system (!). ABA president Edward Yingling went further, arguing that expansion of mark-to-market accounting would reduce lending. (Lending continues to be minimal, at best.)

The ABA is arguing that the present model, so-called mark-to-model accounting, should be maintained, as it is essential for the smooth functioning of financial markets. Under this model, assets on the books of banks and financial institutions can be held at the value ascribed to them by the mathematical model which created them. It is these mathematical models which produced the financial bubble in derivatives trading that led to the biggest financial crash since the collapse of the Lombard banking system in the 14th Century.

The biggest defender of these models has been former Fed chairman Alan Greenspan, but the decision, by former Treasury Secretary Hank Paulson, aided by Bernanke and Geithner, in September 2008, to prop up this bubble, at taxpayer's expense—against the advice of Lyndon LaRouche, and against the wishes of the American people—has accelerated the

collapse of the physical economy. This crash has exposed the fraudulent nature of these models, and has forced serious economists to take up the call by LaRouche for bankruptcy reorganization, and treating the creation of the bubble as a criminal matter, rather than merely a cause for regulation.

LaRouche denounced the efforts of the ABA as an attempt to perpetuate a gigantic fraud. Everyone knows these banks are bankrupt, he said. Any effort to protect the worthless debt on their books should be treated as a criminal matter. He added that any effort, by Geithner or Bernanke, to back up this fraud, makes them complicit in these criminal acts.

Obama's 'All Youth Left Behind' Sends Jobless Rate Soaring

Sept. 6 (EIRNS)—The rate of unemployment for workers aged 16 to 19, soared to 25.5% in August, the highest recorded level since the Bureau of Labor Statistics began keeping track of such data in 1948. At the onset of the Obama Presidency in January 2009, the unemployment rate for this age group was 20.8%.

This represents merely the massaged official unemployment rate; when the number of those aged 16 to 19 who are working part-time for economic reasons, and those who have left the labor force, is factored in, the rate is likely 40%. The official unemployment rate for workers in the 20-to-24 age range has surged to officially 15.1% under Obama, but in reality, it is much higher.

This constitutes Obama's "All Youth Left Behind" program. During the Presidential race, he cynically pitched his campaign to young Americans. Compare what Obama has done, to President Franklin Roosevelt's Civilian Conservation Corps, which provided work, skills, social orientation, and hope, to millions of youth.

Global Economic News

Turkish Bank Chief: We're Better Off Without IMF

40% of World Job Losses Are in China

Bank Bailouts Bankrupt EU States

Economic Updates from Germany

German Banks Speculate on Early Deaths in U.S.

Turkish Bank Chief: We're Better Off Without IMF

Sept. 7 (EIRNS)—After a year of stalling on an agreement between Turkey and the International Monetary Fund, Turkey's central bank governor Durmus Yilmaz told Bloomberg news agency that it would be better for Turkey if it did not get a loan from the IMF. "If Turkey on its own can deliver the results which are expected of an IMF program, it's much better for the country." Yimaz said, speaking on the sidelines of a London meeting of the G20 finance ministers and central bankers. He said the budget and balance of payments have decreased due to falling demand for Turkey's exports. "Can Turkey do without an IMF program? Yes it can. In the final analysis, to make an agreement with the IMF is a political decision."

The IMF has been desperate for Turkey to sign an agreement for the past year, but the government had dragged its feet on the conditionalities demanded by the IMF.

40% of World Job Losses Are in China

Sept. 9 (EIRNS)—Up to 40% of all world job losses in the international economic crisis have been in China, the newly released Green Book on Population and Labor of the Chinese Academy of Social Sciences reports, according to *AsiaNews*. China lost more than 41 million jobs after the crisis hit in 2008, and, despite the government stimulus program this year, more than 23 million people are still without work.

The report was delivered in Beijing by Prof. Cai Feng, director of the study, who said that the government stimulus program has failed to make job-creation its top priority. The \$586 billion stimulus is aimed at creating over 51 million jobs, but this will not meet the need. Some 150 million workers have left their rural villages since the end of June, to find work in the cities, the highest number yet, according to Chen Xiwen, director of the Agriculture Ministry's Rural Employment Office.

Bank Bailouts Bankrupt EU States

Sept. 10 (EIRNS)—European Union states have already committed 31% of their GDP to bank bailouts, according to an estimate of the EU Commission published today by the *Financial Times Deutschland*. The same so-called expert forecast a 125% ratio of debt to GDP, for the EU as a whole, in 2020. These numbers, however, are based on theoretical figures for GDP and tax revenues, which are fantastically optimistic, and should be therefore considered the "wishful thinking scenario."

Of the 31% of GDP given out as capital injection or state guarantees for banks, an amount equal to 12.6% of GDP, has already been cashed in.

So-called anti-recession (conjunctural) measures have additionally cost 5% of GDP. Peanuts, especially if you consider that this is mostly to boost consumer spending (such as "cash for clunkers" for the car industry).

The wishful thinking scenario forecasts a 200% debt/GDP ratio for Ireland, 180% for the U.K., 125% for France and Italy, and almost 100% for Germany.

Economic Updates from Germany

Sept. 8 (EIRNS)—German exports "recovered" by 2.3% in July compared to the previous month, but compared with July 2008, exports are down 18.7%. Imports are down by 22.3%. German truck and trailer production is down 60%, compared to 2008. And the fact that the government's car-scrapping bonus just expired, will decrease new car sales visibly—more so outside of Germany, though, where most of the cars that were bought in Germany with the bonus were produced.

The German railway company, Deutsche Bahn, wants to eliminate 7,000 jobs in the cargo branch; Thyssen-Krupp wants to fire 3,000 steel workers; and the increase in the number of long-term unemployed creates an extra burden on the municipalities for welfare and Hartz IV benefits, which will increase from EU38.5 billion to an estimated EU42 billion next year. At the same time, municipalities are losing EU10 billion in tax income, because of the shrinking tax revenue base in industry, trade, and employment.

German Banks Speculate on Early Deaths in U.S.

Sept. 2 (EIRNS)—Last week, the German news weekly *Der Spiegel* reported on an emerging scandal: German banks are luring Germans to invest in life insurance funds in the U.S., with promises of respectable returns. These returns will only materialize if the U.S. citizens who are members of these funds die early. And the Americans are not dying as early as expected, which has posed the banks with the problem of telling their investors that the returns are not there. Some of the investors have sued the banks, which blew the whole scandal into the open.

Deutsche Bank, the initiator of these funds, runs this operation from London.

United States News Digest

Palin Calls Obama Out on Death Panels

Grassley Defends Warning Against British-Style Euthanasia

Congressman Demands Obama's Czars Testify Before Congress

Baucus Wears Obama Mustache; Senate Bill Is Murderous

Machinists Head Challenges Obama 'Recovery' Propaganda

GOP Mainstream Picks Up LaRouche's Obama-Hitler Polemic

Palin Calls Obama Out on Death Panels

Sept. 9 (EIRNS)—In an op-ed titled "Obama and the Bureaucratization of Health Care," in the *Wall Street Journal* yesterday, the day President Barack Obama was to address a joint session of Congress on his Nazi "health-care" bill, former Republican Vice Presidential candidate Sarah Palin explicitly denounced Obama's proposed Independent Medicare Advisory Council (IMAC) policy, to document what she had earlier called the administration's "death panels":

"He's asked Congress to create an Independent Medicare Advisory Council—an unelected, largely unaccountable group of experts charged with containing Medicare costs. In an interview with the *New York Times* in April, the president suggested that such a group, working outside of normal political channels, should guide decisions regarding that 'huge driver of cost [for] the chronically ill and those toward the end of their lives.' Given such statements, is it any wonder that many of the sick and elderly are concerned that the Democrats' proposals will ultimately lead to rationing of their health care by—dare I say it—death panels? Establishment voices dismissed that phrase, but it rang true for many Americans. Working through 'normal political channels', they made themselves heard, and as a result Congress will likely reject a wrong-headed proposal to authorize end-of-life counseling in this cost-cutting context. But the fact remains that the Democrats' proposals would still empower unelected bureaucrats to make decisions affecting life and death health care matters."

Grassley Defends Warning Against British-Style Euthanasia

Sept. 9 (EIRNS)—Sen. Chuck Grassley (R-Iowa), one of the "Gang of Six" bipartisan team supposedly working to come up with a Senate version of the President's health-care bill, was challenged in a C-SPAN interview on Sept. 8, on his

statement that the Obama plan wanted to "pull the plug on Grandma"—but Grassley stood his ground. Explaining that he had made this statement in the heat of a town meeting, he then said that the debate on the bill was indeed heading in this direction: "Connect the dots—you've got a concern on saving money, a concern about a government-sponsored health plan, and you have the VA [Veterans Administration] putting out a book telling doctors they must get involved in end of life issues. You put all of that together ... and everybody figures that the government is going to be in the middle of end of life issues, just like they are in England."

Congressman Demands Obama's Czars Testify Before Congress

Sept. 9 (EIRNS)—The day after Lyndon LaRouche's Sept. 8 webcast address attacking President Obama's adoption of the "unitary executive" dictatorial principle, as reflected in his adoption of "signing statements" and unconstitutional "czars," Rep. Patrick McHenry (R-N.C.) called for the President's "czars," or appointed high-level advisors, to testify before Congress about their "authority and responsibilities" in the Executive branch. McHenry wrote to House Oversight and Government Reform Committee chairman Edolphus Towns (D-N.Y.) and ranking member Darrell Issa (R-Calif.), asking the officials to testify. "If the czars have high-level, decision-making authority as their titles would indicate, then it is my concern that their appointment without Senate approval represents a circumvention of our Constitutionally mandated confirmation process," McHenry, who is a member of the committee, said in his letter.

Baucus Wears Obama Mustache; Senate Bill Is Murderous

Sept. 8 (EIRNS)—Pushed by President Barack Obama, Sen. Max Baucus (D-Mont.) unveiled his health-care "reform" legislative proposal on Sept. 7, and it is full of measures for denial of medical care, in line with Obama's Nazi-modelled euthanasia thrust. This character of Baucus's proposed "bipartisan" Senate bill is more significant than the much-reported facts: that it sets up no "public option"; and that it taxes existing health benefits to pay for bringing in millions of new customers for the HMOs. The Baucus bill, toward which the White House is now pushing the House Democratic leaders, confirms Lyndon LaRouche's assessment of Obama's health-care "reform" as modeled on Hitler's T-4 euthanasia program.

* In Medicaid, the Baucus bill defines thinly veiled "pre-existing conditions" for denial of care, simply changing the name to "preventable conditions." "The Secretary would also establish procedures for and provide grants to states to collect and voluntarily report health care quality data for Medicaid-eligible adults. Additionally, the Secretary, in consultation with states, would be required to identify specific preventable health care acquired conditions [obesity-related, smoking-related, type 2 diabetes, and other conditions—ed.] and would prohibit payments for services related to such conditions."

* In Medicare, Baucus would create a Medicare Commission (MC)—what OMB director and behaviorist economist Peter Orszag drafted as the Independent Medicare Advisory Commission (IMAC). Since LaRouche has destroyed IMAC politically in this Summer's mass strike ferment, Baucus uses a different term for the same thing. His MC "would submit proposals to Congress to extend Medicare solvency and improve quality in the Medicare program. Congress would have an opportunity to ... pass an alternative proposal with an equivalent amount of budgetary savings. Should Congress not pass an alternative measure, the Secretary of HHS would be required to implement the provisions included in the original MC proposal." The MC's purpose would be "to reduce annual market basket [payment] updates for hospitals, home health providers, nursing homes, hospice providers, long-term care hospitals and inpatient rehabilitation facilities, including adjustments to reflect expected gains in productivity."

* A second national board, "comprised of health care providers, experts, and stakeholders," would be set up "to identify physicians' services that are overvalued in the Medicare physician fee schedule. In consultation with the expert panel, the Secretary would be required to adjust payments for those services...."

* A "Physician Value-Based Purchasing" provision would "require all eligible health professionals to participate by 2011,

establishing payment incentives for physicians to appropriately order high-cost imaging services, expanding the Medicare physician feedback program, and *penalizing physicians who utilize significantly more resources than their peers*.

* A "Hospital Value-Based Purchasing" provision would tie "a percentage of hospital payment" to hospital outcomes with patients "related to common and high-cost conditions, such as cardiac, surgical and pneumonia care." The more serious the patient's condition, the greater risk the hospital is then taking in treating the person, of having its overall payments cut.

The same is imposed on home health agencies, skilled nursing facilities, and other medical care providers.

* A "Reducing Avoidable Hospital Readmissions" provision "would direct CMS [Centers for Medicare and Medicaid Services, a Federal agency] to track national and hospital-specific data on the readmission rates of Medicare participating hospitals for certain high-cost conditions that have high rates of potentially avoidable hospital readmissions. Starting in 2011, hospitals with readmission rates above a certain threshold would have payments for the original hospitalization reduced by 20%...."

* Medicare payments to hospitals for treatment of uninsured, non-paying patients would be progressively cut starting in FY 2015.

Machinists Head Challenges Obama 'Recovery' Propaganda

Sept. 8 (EIRNS)—In sharp contrast to President Obama's lying "recovery" propaganda in his Cincinnati Labor Day speech, Tom Buffenbarger, president of the International Association of Machinists and Aerospace Workers, proposed to "Dedicate this Labor Day to Those Not Working."

In an op-ed in the *Wichita Eagle*, Buffenbarger ripped into the Administration's fraudulent unemployment statistics, and came up with a realistic number of 30.5 million, or 19.7%, unemployment. He then wrote: "So here's my suggestion: Let's dramatically change the nature of Labor Day. A member of the Machinists union, Matthew McGuire, is credited with the idea of setting aside one day a year to celebrate work, and to give people a chance to enjoy a day off with their family and friends. But with 30.5 million of us idled to some degree, it seems to me that this is no time to celebrate the work we do. Instead, let's dedicate this Labor Day to those who are not working."

Buffenbarger was the most outspoken labor official in opposition to Barack Obama during the 2008 Presidential primary campaign.

GOP Mainstream Picks Up LaRouche's Obama-Hitler Polemic

Sept. 10 (EIRNS)—"The Obama-Hitler issue came from Lyndon LaRouche and Anton Chaitkin," *Daily Beast* right-wing profiler Max Blumenthal warned today on NPR's "Fresh Air" program, in an ineffective effort at slander: "Anton Chaitkin describes himself as an historian, but he is associated with Lyndon LaRouche! He publicly accused [Obama health advisor] Ezekiel Emanuel of a plan for Hitler death panels based on Hitler's T-4 program. He did this long before anyone else did it, in a public forum...."

"LaRouche began to distribute leaflets with Obama wearing a Hitler mustache. Right-wing groups adopted this rhetoric. Subsequently, mainstream Republicans began echoing LaRouche. Like Sarah Palin, talking about death panels. And Sen. Grassley, the senior Senator from Iowa...."

Someone should explain to poor Blumenthal, that's how leadership works.

Ibero-American News Digest

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Brawl Over Mexico's 2010 Budget

Sept. 11 (EIRNS)—The 2010 budget proposal submitted to the Mexican Congress by Treasury Secretary Agustín Carstens on Sept. 8, entails a "painful and difficult adjustment" for the country, but, there is no choice, top officials insist: The government's "fiscal hole" must be filled.

The proposed budget may tip Mexico into general ungovernability. Its centerpiece is a 2% sales tax to be imposed on all products, including food and medicine. (For other goods, that means a 17% tax, as most everything outside of food and medicine is already subject to a 15% value-added tax.) The behaviorists ensconced in the Treasury Department cynically named this 2% tax a "contribution to the fight against poverty," because its revenues will allegedly be used to finance the government's social hand-out programs to the millions their economic policies are driving into starvation. They even argue that the tax is not regressive, because poor people will pay a lower tax, since they "consume" less!

Mexico's Congress has refused repeated attempts to apply the value added tax to food and medicine, precisely on the grounds that it hits those people whose existence is already precarious. So far, the Congress appears ready to fight again. The PRI party faction in the Chamber of Deputies, which now holds the majority, issued a statement rejecting the tax, as did party leaders of the opposition PRD.

Under current conditions, Mexico cannot generate the means to sustain its existing population. Globalization robbed it of its food self-sufficiency, and replaced its national manufacturing capabilities with assembly factories geared for export to the now non-existent U.S. market. And the millions of its own people which it exported, largely to the U.S., whose remittances to those back home had become Mexico's second-largest foreign exchange earner, after oil, no longer have jobs.

Colombian Supreme Court Endorses Drug Slavery

Sept. 9 (EIRNS)—In a direct attack on President Alvaro Uribe, who has spent the last several years trying to reverse a 1994 decriminalization law, Colombia's Supreme Court ruled today that possession and consumption of drugs for personal use is legal, and that no one can be prosecuted for these actions.

The Court's ruling stemmed from the case of a man who was arrested for carrying 1.3 grams of cocaine.

Following the same perverse reasoning that Argentina's Supreme Court used in a similar case on Aug. 25, the Colombian magistrates stated that drug use is fine, if a person does so "in the exercise of his personal and intimate rights," and does not injure third parties or jeopardize the public good.

Remarkably, the Court first admitted that the "consumption of a minimum dose of marijuana or cocaine constitutes self-destructive behavior" aimed at "harming oneself," and can lead to "problems of addiction and slavery" that can cause a person to become "compulsively ill." But the Court nonetheless concludes that since this self-destructive behavior pertains "exclusively to the realm of individual freedom, it cannot be punished."

Uribe had succeeded in getting a bill through the Lower House of Congress last June that recriminalizes drug possession and consumption for personal use. It was in the process of being studied by a Senate committee, but presumably will go no further, assuming that the Supreme Court has the last word.

The PLHINO: An Idea That Won't Go Away

Sept. 11 (EIRNS)—Build the Northwest Hydraulic Plan (PHLINO) to secure Mexico's unity and posterity, now endangered by the country's status as "the leading importer of food in the world." So argued Mexican engineer Manuel Frías Alcaraz, in an article published Sept. 5 in the national Mexican daily *Excelsior*, under the kicker "The Opinion of an Expert." Otherwise, he warned, the country faces a future of drugs, epidemics, and other ills.

Frías is an advisor to the 21st-Century Pro-PLHINO Committee in the Mexican state of Sonora, and was interviewed on EIRNS's DVD, "PLHINO: The Future of the Americas." In his *Excelsior* article, he details the scope and potential of the project and concludes: "The PLHINO of the 21st Century is not a chimera nor an unreachable goal. It is a well-planned concept of inter-state progress which represents the best of Mexico's infrastructure projects in the third millennium."

Mexican President Calderón Shuffles Cabinet

Sept. 9 (EIRNS)—Mexican President Felipe Calderón announced on Sept. 7 that he had accepted the resignation of Attorney General Eduardo Medina Mora, and had also replaced his Agriculture Secretary, Alberto Cárdenas, as well as the head of the state-owned oil firm Pemex, Jesús Reyes Heróles.

The full ramifications of these changes, particularly the post of Attorney General, which is crucial in Mexico's war against the drug cartels, remain to be seen. The outgoing Medina Mora, who will reportedly be named immediately to an overseas diplomatic post, played a key role in improving Mexico's relationship with the U.S. in the war on drugs, building trust and cooperation that had been lacking in previous years. He is very highly regarded by anti-narcotics officials in Washington.

He also built up a strong working relationship with the Mexican military, which plays a leading role in the drug war.

Medina Mora's replacement is Arturo Chávez Chávez, former attorney general for the state of Chihuahua, who is part of the lawyers' group of the ruling PAN party's bigshot, Diego Fernández de Zavallos. Chávez, whose required approval by the Senate is by no means guaranteed, is also said to be close to current Government Secretary Fernando Gómez Mont.

More straightforward—and ominous—is the change at Pemex. The new president, Juan José Suárez Coppel, had been the company's chief financial officer until 2006. In March 2007, he joined Mexico's largest brewer, Grupo Modelo, losing the company about \$200 million in derivatives bets gone bad, and was dumped four months later. Like Finance Minister Agustín Carstens, he has a Ph.D. in (monetarist) economics from the University of Chicago.

Argentine LaRouche-Hater Brags of Fealty to Drug-Pusher Soros

Aug. 31 (EIRNS)—After Argentina's Supreme Court ruled Aug. 25 that drug possession for personal consumption is legal, George Soros lackey Horacio Verbitsky, who has repeatedly slandered Lyndon LaRouche, decided it was safe to brag about his allegiance to the Nazi-trained drug kingpin Soros and his City of London masters.

Verbitsky, an editor of the daily *Página 12*, is a fixture in Soros's drug-legalization stable. He is rumored to have convinced President Cristina Fernández de Kirchner and her husband, former President Néstor Kirchner, to go with Soros's decriminalization policy. But he prefers to operate behind the scenes, and has always been careful about what he says publicly on the drug issue.

Not any more. His Aug. 30 column, "Models," is an unabashed endorsement of Soros's legalization and "harm reduction" fraud, simultaneously attacking Colombian President Alvaro Uribe's U.S.-backed war on drugs. Fortunately, Verbitsky states, the latter's "failed" model is what Argentina's Supreme Court just rejected.

To make clear where his loyalties lie, Verbitsky reports in great detail on the March 7, 2009 edition of the City of London's *The Economist* magazine, which called for drug legalization. He also notes that the decriminalization proposal peddled by the Soros-sponsored and -financed Latin American Commission on Drugs and Democracy (LACDD) "is very similar" to the Argentine Supreme Court's Aug. 25 ruling.

Western European News Digest

BüSo Campaign Ad Airing on TV and Radio

Sweden Implements IMF Health-Care Cuts

Cuts Have Collapsed Health Care in Southern Italy

IMF Fascism Threatens French Health System

Scottish Parliament To Probe Blair Role in Megrahi Release

Ryanair Boss Promotes Lisbon, Gets Rebuked

New Book: Princess Diana's Death 'Not an Accident'

French General: Military Strike Against Iran Too Risky

BüSo Campaign Ad Airing on TV and Radio

Sept. 11—The first TV spot of the Bundestag campaign of the BüSo (Civil Rights Solidarity Movement), a German political party led by Helga Zepp-LaRouche, its Chancellor candidate, was aired on Aug. 31, on ARD. The 90-second spot will run once more on ARD, and twice on ZDF, and an audio version will be aired 14 times altogether on different national

radio stations.

Zepp-LaRouche begins:

"Dear Voters:

"The crisis which I have warned about for years is now here [showing previous election posters from 2001 and 2002]. All those who are responsible for the current disaster, by virtue of their incompetence, should resign and stop acting as if they could find a solution with the same failed axioms."

(The spot can be viewed at <http://bueso.de/bundestagswahl>.)

Sweden Implements IMF Health-Care Cuts

STOCKHOLM, Sept. 7 (EIRNS)—The Swedish government, which prides itself in being best in class when it comes to abiding by the IMF's monetarist rules, is following the IMF's recent orders that the United States and other nations cut health-care costs—by slashing spending—to deal with the financial crisis. While the government has decided to give away SKr100 billion (\$14 billion) in bank guarantees this week, it is not helping the regional governments to cover the deficit created by the breakdown crisis. The regional governments (*landsting*) are forced to cut SKr2.5 billion (\$350 million) from health-care spending, which translates into 3,500 full-time jobs in this small country of 9.29 million people. The health-care system in Sweden has been hemorrhaging from cuts being made since the 1990s, and is on the verge of total breakdown.

Cuts Have Collapsed Health Care in Southern Italy

Sept. 1 (EIRNS)—Six suspicious deaths of patients in the southern Italian region of Calabria, in August, highlighted the crisis of the Italian health system and the ineffectiveness of the "dehospitalization" policies implemented in the last decade. Health-care expenses in Italy, which adopted a National Health System in 1978, have exploded in recent years, although with much variation from region to region.

The government approach to health cost and efficiency has been the wrong one: Cut hospital beds and reduce treatment. The current plan calls for cutting 27,000 hospital beds in five years, reducing the rate of beds per 1,000 inhabitants.

IMF Fascism Threatens French Health System

PARIS, Sept. 7 (EIRNS)—Obamacare-style fascism is coming to France. Yesterday's *Journal du Dimanche* leaked the content of an internal memorandum from Finance Ministry officials to the Health Ministry, revealing that the government, facing exploding deficits in social security accounts, is considering raising payments that patients have to make for their care. Already, a patient must pay EU16 (\$22) for each day of inpatient hospital care and, according to the memo, that amount could be raised to EU20 (\$28), a 25% increase. A heart attack patient whose out-of-pocket expenses are now EU112, would be charged EU140.

Also under consideration is lowering reimbursements on certain prescription medications, for which patients currently receive 35% reimbursement, which the Finance Ministry wants to drop to 15%.

Scottish Parliament To Probe Blair Role in Megrahi Release

Sept. 6 (EIRNS)—The Scottish Affairs Select Committee, and another committee of Scotland's Parliament, are preparing to investigate former U.K. Prime Minister Tony Blair's role in negotiations on clandestine matters with Libya's Moammar Qaddafi in late 2003 and early 2004, three years before the now-acknowledged 2007 negotiations took place between Britain and Libya on the release of Abdelbaset Ali al-Megrahi, who was convicted on charges of being involved in the Lockerbie bombing. The deal involved Libya giving up its weapons of mass destruction. (For background, see *EIR*, Sept. 11, 2009.)

The London *Independent*, reporting on a special investigation, describes a secret meeting that took place on Dec. 16, 2003, at the private Travellers Club in London, involving nine officials of the intelligence agencies and foreign offices of Britain, Libya, and the United States. The eight-hour meeting discussed the release of Megrahi, and involved William Ehrman, Britain's Foreign Office director general for defense and intelligence. Blair's personal envoy in this negotiating process was Sir Nigel Sheinwald, now Britain's Ambassador to the U.S. Two days after the clandestine meeting, on Dec. 18, Blair held direct telephone talks with Qaddafi.

The following day, Dec. 19, Blair and U.S. President George W. Bush made the announcement that Libya's Qaddafi would give up any existing weapons of mass destruction, and cease producing them. The *Independent* states that, according to its sources, the release of Megrahi was premised on Qaddafi giving up WMD. A Conservative frontbencher and member of the Scottish Affairs Committee, Ben Wallace, said: "This is the sort of thing a parliamentary inquiry can get to the bottom of."

Ryanair Boss Promotes Lisbon, Gets Rebuked

Sept. 9 (EIRNS)—The head of the Dublin, Ireland-based no-frills airline, Ryanair, Michael O'Leary, has launched a campaign for the "Yes" vote in the second Lisbon Treaty referendum in Ireland. O'Leary gave a press conference announcing that he will spend half a million euros in the campaign, which includes ads on Ryanair planes. O'Leary said that he has read the whole Lisbon Treaty. "Yes I have read the treaty. It is a f***ing pain in the arse of a document. I nearly died of boredom from reading it, but yes I have read the treaty," he said.

However, a "Yes" vote "is the f***ing sensible thing to do. And ignore the idiot headbangers who are recommending a 'No' because none of them have an economic policy between them," he said. He called Sinn Fein, the main promoters of the "No," "half-wits."

Sinn Fein vice president Mary Lou McDonald hit back at O'Leary, saying he supported the Treaty because it promotes a "Ryanair approach to the economy, facilitating a race to the bottom in workers' wages and conditions."

"Voters need to ask themselves, do we really want a Ryanair Europe?" she asked. "The Ryanair business model has been built on the back of low pay, poor working conditions, and hidden costs to the consumer."

New Book: Princess Diana's Death 'Not an Accident'

Sept. 2 (EIRNS)—Michael Mansfield, who served as the Queen's Counsel for Prince Diana's fiancé Mohamed Fayed, has just published *Memoirs of a Radical Lawyer*, and is quoted in the *Daily Telegraph* stating that Princess Diana's death "was not an accident," and that she had good reason to worry about her security. Mansfield, whose book is being serialized in the London *Times*, told the *Telegraph*: "I found it difficult simply to accept that what happened in the Alma Tunnel in Paris was 'just one of those tragic things'.... On April 7, 2008, the jury did not decide it was just a tragic accident but returned a verdict of unlawful killing by the drivers of both the Mercedes and the following vehicles. The 'following vehicles' element in the verdict was an aspect that very few commentators picked up on, or bothered with."

The book also reprises other issues set out in the trial, but not "resolved by evidence, or reflected in the verdict." These included the box of missing personal papers belonging to Diana; the missing driver of the white Fiat; three hours on the evening of Aug. 30, 1997, during which the movements of Fayed's chauffeur Henri Paul could not be established; and the unexplained regular and sizeable sums of money going into Paul's several bank accounts over the three months before the crash.

French General: Military Strike Against Iran Too Risky

Sept. 11 (EIRNS)—French chief-of-staff Gen. Jean-Louis Georgelin said yesterday that he believes a military operation against Iran's nuclear sites would be too risky, in answer to a question after a speech in Washington on NATO. Georgelin said it would be difficult to plan an operation against Iran "because we are not sure in one shot to be able to solve a problem." He added: "If you fail in one shot, it is a catastrophe.... I don't think at this stage a military option is still available."

Georgelin, who was in Washington to attend a ceremony in which French Gen. Stephane Abrial became the first non-American officer to fill a NATO command, also said, "At this stage, my personal opinion is that for Iran, I fear that the military option is probably beyond us and that the action should be as our president said several times, in acting with financial pressure, economic pressure, and political pressure." He also called for coordination with Israel, according to AP, "in order not to let it strike alone with all the risks it could entail."

Russia and the CIS News Digest

LaRouche's Aug. 1 Webcast Makes Waves in Russia

V. Ivanov Identifies British Role in Afghan Drug-Running

LaRouche's Aug. 1 Webcast Makes Waves in Russia

Sept. 7 (EIRNS)—Wave upon wave of publication and discussion of Lyndon LaRouche's Aug. 1 webcast on "The Fall of the House of Windsor" is occurring in the Russian-language sector of the Internet. Since the opening segment of the speech was posted on RuTube (the Russian version of YouTube) with Russian voiceover on Aug. 25, under the subhead "The End of Monetarism: 'We Are Entering a Period of Upsurges'," over 10,000 Russian-speaking users have viewed the clip. A surge of viewings occurred the week of Aug. 31, after two popular RuTube posters copied the item as a new post. LaRouche's warning of an October mega-collapse ranked in the week's top ten most voted-for RuTube News & Politics videos—twice! That is, two different postings of the clip ranked in the top ten.

There are scores of blog entries and hundreds of forum postings, discussing what LaRouche said about the fiscal year-end inflection point, as well as his indictment of California Gov. Arnold Schwarzenegger for pushing Nazi policies. Typical of the headlines: "Listen to what LaRouche says about Obama, Schwarzenegger, the crisis, Hiroshima, and the role of the individual in history." Typical of the discussion: "He's right that the debt has to be written off, otherwise the whole system crashes. But who will do it?"

Soon to appear on RuTube are a Russian voiceover of the balance of the Aug. 1 webcast keynote, and also LaRouche's answers to two questions from Russians, one of them a high-ranking diplomat. Preparations are being made to voice over LaRouche's Sept. 8 webcast in Russian.

V. Ivanov Identifies British Role in Afghan Drug-Running

Sept. 11 (EIRNS)—Victor Ivanov, head of the Russian Federal Service for Drug Control, addressing the coordinating council fighting illegal drug trafficking in Central Asia and Russia, said the money coming from the sale of Afghan narcotics actually boosts international terrorism and extremism in Central Asian countries. "Specifically, it promotes the functioning of Hizb-ut-Tahrir and the United Tajik Opposition operating in that area," Ivanov added.

The United Tajik Opposition, an umbrella organization involved in the late-1990s civil war in Tajikistan, has since amalgamated with the terrorist outfit, the Islamic Movement of Uzbekistan (IMU). Meanwhile, Hizbut Tahrir, headquartered in London, is prospering famously under the protection of British intelligence and the Gordon Brown government. Hizbut Tahrir, which has been named by *EIR* over the years for terrorist activities in Central Asia and Pakistan, calls for establishing an Islamic Caliphate stretching from Turkey to Chechnya, including Xinjiang in China.

In another indication of Russian sensitivity to the British role in Central Asia, Russia Today TV commentator Yevgeni Khrushchov on Sept. 4 reported on some aspects of Russian-U.S. anti-drug cooperation in Afghanistan. "It was contrary to United Kingdom sabotage of effective U.S. anti-drug policy ... that the situation has changed in a positive direction," he said.

Southwest Asia News Digest

Zepp-LaRouche Cited in Arabic 'Right to Food' Declaration

Carter Shows Mideast Hope in Obama Is Gone

Jordanian Daily on Obama's Failure in Middle East

What Settlement Freeze?

Zepp-LaRouche Cited in Arabic 'Right to Food' Declaration

Sept. 10 (EIRNS)—The Arabic Network for Human Rights Information (anhri.net), based in Egypt, issued a declaration on Aug. 27, announcing "changes in the list of priorities" after consultations with its members, other NGOs, and other groups in Egyptian society. It announces the launching of "right-to-food program" due to "the crucial aspects of this right which is deteriorating rapidly as a result of privatization and so-called structural adjustment schemes that have thrown millions of Egyptians into the abyss of poverty and hunger."

The declaration cites the horrifying numbers of hungry people in the world, and other statistics that are similar to those listed in Helga Zepp-LaRouche's call from May 3, 2008 for doubling world food production internationally.

The ANHRI declaration states: "This is what made Helga LaRouche, chairman of the Schiller Institute and the German Civil Rights Movement Solidarity (BüSo), say in a statement, entitled 'Mankind Is in Danger. Instead of Wars of Starvation, Let Us Double Food Production!' that the world is heading towards an unprecedented catastrophe."

The declaration quotes extensively from Zepp-LaRouche's call, including the attack on speculation in food and the biofuels

crime, as well as her reference to the U.S. Declaration of Independence, demanding that elimination of hunger and poverty become an inalienable right for all human beings and nations, and a step towards the pursuit of happiness.

The ANHRI describes Zepp-LaRouche as a "German-born specialist in studies of the German thinker Nicholas of Cusa and the German poet Friedrich Schiller; chairwoman and founder of the international Schiller Institute; leader of political campaigns in Germany with the Civil Rights Movement Solidarity (BüSo); initiator of various initiatives for a dialogue of cultures."

In the weeks preceding the June 2008 Rome summit meeting of the UN Food and Agriculture Organization, Zepp-LaRouche's call was reported extensively in the Egyptian press and other media, as the Egyptian government and President Hosni Mubarak adopted the fight against biofuels and speculation in food on the international financial markets as Egypt's main mission at the FAO summit. The ANHRI declaration appears only in Arabic and can be found at <http://www.anhri.net/egypt/elmarsd/2009/pr0827.shtml>

Carter Shows Mideast Hope in Obama Is Gone

Sept. 7 (EIRNS)—When former President Jimmy Carter wrote on Sept. 6 that "a majority of the Palestinian leaders with whom we [a delegation of the group called 'The Elders'] met are seriously considering acceptance of one state, between the Jordan River and the Mediterranean Sea," he was commenting on the meteoric fall of Barack Obama in Southwest Asia since June 4, when the President gave what Carter calls the "historic Cairo Speech."

Less than 90 days later, the Carter delegation saw conditions in Gaza and Jerusalem far more horrible than before. Carter writes: "Gaza ... is now a walled-in ghetto inhabited by 1.6 million Palestinians.... Gazans cannot produce their own food nor repair schools, hospitals, business establishments or the 50,000 homes that were destroyed or heavily damaged by Israel's assault last January.

"...[S]ettlement expansion is continuing apace, rapidly encroaching into Palestinian villages, hilltops, grazing lands, farming areas and olive groves. There are more than 200 of these settlements in the West Bank.

"An even more disturbing expansion is taking place in Palestinian East Jerusalem.... On Aug. 27, we Elders took a gift of food to 18 members of the Hanoun family, recently evicted from their home of 65 years ["four generations," he noted]. The Hanouns, including six children, are living on the street, while Israeli settlers have moved into their confiscated dwelling."

Without saying it directly, Carter indicates that the two-state negotiations are *finished*, unless there is a rapid turn away from what Obama has *not* done in the last three months—i.e., back up the Hillary Clinton-George Mitchell-national security team in trying to negotiate an Israeli-Palestinian state peace that would include a Palestinian state. Palestinian leaders have greater interest in a declaration by the UN Security Council of a Palestinian state based on the 1967 border (proposed by EU foreign affairs official Javier Solana), and even in the unilateral declaration of a state in 2011, now outlined by Palestinian Authority (unelected) Prime Minister Salem Fayyad.

Neither of these "solutions" can succeed without the U.S. President ending the Sykes-Picot model of perpetual war.

In March 2009, *EIR* attended an excellent conference on the one-state solution, where Israeli, Palestinian, and Jewish intellectuals from around the world developed the idea that a new single state would require a constitution that gives equal rights to all citizens, regardless of religion, race, or ethnicity. But such a one-man-one-vote state is unacceptable to the British Empire and its Netanyahu lackeys.

The only course to peace is for Obama to follow what Lyndon LaRouche laid out most recently in his May 4 speech in Connecticut, where he located Middle East peace as part of his four-power plan to rebuild the world financial system.

Jordanian Daily on Obama's Failure in Middle East

Sept. 9 (EIRNS)—The semi-official Jordanian daily *Addustor* today, under the title "Does President Obama Realize What This Reminder Means?" declares President Obama's failure to create any prospects for peace in the region. Author Yousuf Abdullah Mahmoud cites Israeli peace activist and writer Rachelle Marshall, who ridiculed Obama for a speech he gave in Germany in May, in which he said, "The Palestinians have to create an environment of security so that Israel feels secure." Marshall reminded Obama that nobody asked the Poles or Czechoslovaks to create an environment of security during World War II when the Nazis were occupying their country. This is a magnificent irony!

The author also cites Marshall's ridicule of a demand Obama made to Palestinian President Mahmoud Abbas "to find a way to halt the incitement of anti-Israeli sentiments among Palestinians! Aren't they [the U.S. Administration] ashamed of making such demands?"

Marshall's article, titled "Israel says No to Obama. What Next?", appeared in August in *Washington Report on Middle East Affairs*. Marshall says if Obama were serious, he would have started by bringing Fatah and Hamas around one table. Why is he not doing that? she asks.

After listing Israel's flagrant refusal to stop settlement building and other activities showing total indifference to the U.S. demands, and showing that Obama did not put the full force of the U.S. behind these demands, *Addustor* concludes: "We have not seen anything on the ground that proves Obama's credibility."

What Settlement Freeze?

Sept. 9 (EIRNS)—For weeks now, the office of Israeli Prime Minister Benjamin Netanyahu has been running a media spin campaign claiming that he is about to sign an agreement with U.S. Mideast envoy George Mitchell. The reality is that his government has approved hundreds of new housing permits in the West Bank, including in East Jerusalem, which is behind the 1967 ceasefire lines, inside what is internationally recognized as Israeli-occupied territory.

In the last weeks alone, 1,200 or more permits have been approved. A few weeks ago Netanyahu approved up to 200 housing units in a complex in the middle of a Palestinian part of East Jerusalem called Ras al-Amud. The complex is sponsored by California bingo parlor "king" Irving Moskowitz, who finances the Israeli right wing, including Netanyahu's own political campaigns.

Over the weekend, Defense Minister Ehud Barak approved another 500 units in West Bank settlements. Now tenders have been published with the approval of the Housing Minister for another 486 apartments in East Jerusalem.

Daniel Seidemann, the founder of Amim, an organization that seeks to promote coexistence with Palestinians in Jerusalem, denounced the issuing of tenders, saying that the decision must have been made with the approval of Netanyahu. According to *Ha'aretz*, he said that this was yet another example of a fraud that leaders to creating facts on the ground even though there is talk of a freeze in settlement construction.

The French *Le Canard Enchaîné* quoted a high-level French diplomat, who said that, "until the United States and the European Union decide to threaten Israel with sanctions, Netanyahu will not go back, despite all political pressure. And no

one on either side of the Atlantic envisages doing so." *Le Canard* reports that, in July, the French Consul in Jerusalem, Alain Remy, reported to his foreign ministry: "New construction and demolition are moving forward in and around Jerusalem." He cited a project which "would deprive 1,200 Palestinians of the village of al-Jania of 86 hectares of farmland," and the fact that the homes of 60,000 Palestinians in East Jerusalem are threatened with demolition. The Consul wrote on July 22 that "Netanyahu is defying the international community by nibbling East Jerusalem through colonization. The objective, which is stated by the Prime Minister himself ... is the encirclement of the Holy City. This objective is contrary to all commitments made by Israel in the context of the Road Map, and incompatible with the two-state Solution."

Furthermore, reports *Le Canard*, after the EU asked Netanyahu to avoid "provocative actions" in East Jerusalem, "the secret services broke into the Centre for Studies of the Old City," currently being restored by a Franco-Israeli woman.

Asia News Digest

Obama Under More Pressure as Afghanistan Deteriorates

It's Not Osama, or the Taliban; It's Just British Geopolitics

Webb Attacked by Suu Kyi Ally for Myanmar Diplomacy

Obama Under More Pressure as Afghanistan Deteriorates

Sept. 7 (EIRNS)—The Obama Administration's troubles are growing by the day as the Afghanistan situation worsens. In the wake of the deadly NATO bombing on Sept. 4, against hijacked gasoline trucks. Afghan President Hamid Karzai lashed out against what he called American manipulation to undermine his position. In an interview to the leading French daily *Le Figaro*, published today, Karzai, referring to himself in the third person, said: "The Americans attack Karzai in an underhanded fashion because they want him to be more tractable. They are wrong. It is in their interest ... that Afghanistan's people respect their President."

Karzai has come under increasing attack from the Obama Administration, led by the Af-Pak czar, Richard Holbrooke. Karzai had a facedown with Holbrooke last week in Kabul, when Holbrooke brought up the irregularities in the recent Presidential elections and virtually ordered him to form a national unity government. The vote is still being counted, but, based on current trends, observers point out that Karzai will be able to garner more than 50% of the vote and emerge as the outright winner, making a coalition unnecessary.

The *Figaro* interview makes clear that Karzai has begun the process of distancing himself from Washington. Besides the personal attacks against him, the bombing attack Sept. 4 by U.S. NATO forces, which led to the deaths of scores of Afghan civilians, is a major setback to the U.S. effort to "win the hearts and minds" of the Afghan people, allegedly, the policy of commander Gen. Stanley McChrystal.

Karzai is responding both to the increasing anti-U.S./NATO sentiment among the Afghans, and the growing strength of the insurgents, who now control almost 55% of the country.

The deteriorating situation also forced Britain, France, and Germany to unveil proposals yesterday for an international conference on Afghanistan later this year, in order to press the Afghans to take more "responsibility" for their own country. "What is important, and this is our joint view, is to apply pressure in order to find a way to get the Afghans to appreciate that they have to take responsibility step by step," German Chancellor Angela Merkel told a joint press briefing

with Britain's Prime Minister Gordon Brown. It is likely that the European Big Three may use the conference to express their growing dismay and eventually proceed towards setting a timetable for their departure from Afghanistan—although that would still be long-term. No doubt President Karzai, NATO allies, and the ground realities in Afghanistan will mount more pressure on President Obama in the coming weeks.

It's Not Osama, or the Taliban; It's Just British Geopolitics

Sept. 12 (EIRNS)—Those who believe that the foreign occupiers are laying down their lives in order to get Osama bin Laden and the Taliban and ensure security for U.S. citizens, or to win over the Afghan people, have been fooled again. In reality, first the Bush Administration, and now the Obama Administration, have pursued the old British geopolitical objective to establish control over Central Asia, and put in place a containment of Russia and China, in particular.

This "hidden" strategy became evident on Sept. 9, when Robert O. Blake, Jr., the Assistant Secretary of State for South and Central Asian Affairs, detailed out the administration's strategy at the School of Advanced International Studies of The Johns Hopkins University, in Washington, D.C.

Acknowledging that "we have a long, long way to go," Blake argued that with "our strategy, the results will start to be seen, and so its a little bit early to start to make judgments about, for example, the strategy in Afghanistan." He emphasized that the Obama Administration is maintaining many of the policy goals in South and Central Asia established by the preceding Republican administration. But Obama was committed to using different means to achieve the same ends, Blake added. The current administration is now treating Afghanistan and Pakistan as a single theater of operations, with "immense strategic importance" for global security.

Webb Attacked by Suu Kyi Ally for Myanmar Diplomacy

Sept. 9 (EIRNS)—Following U.S. diplomatic actions against British imperial policy in Asia during August, by Bill Clinton in North Korea and Sen. Jim Webb (D-Va.) in Myanmar, U Win Tin, a member of the executive committee of opposition leader Aung San Suu Kyi's National League for Democracy (NLD), published an op-ed today in the *Washington Post*, denouncing Webb's call for Suu Kyi and the NLD to participate in the 2010 elections in Myanmar. In his meeting with Suu Kyi, Webb had advised her to stop supporting Western sanctions, as a policy which only harmed the Myanmar people, and strongly recommended that the NLD reverse its announced boycott of the election process, noting that some countries, including China and Vietnam, don't even allow opposition parties, and yet they are progressing economically and socially.

U Win Tin claimed the election will be a "sham," and rejected Webb's call to end the sanctions, saying they are "justified."

At the same time, others within the NLD leadership—perhaps even Suu Kyi herself—are considering Webb's proposals, and have acknowledged over the past year that the sanctions only harm the people, and that a voice in the new Parliament through the elections would be the best path.

Africa News Digest

- [Zepp-LaRouche Was Right: African Nations Can Double Rice Production](#)

Zepp-LaRouche Was Right: African Nations Can Double Rice Production

PARIS, Sept. (EIRNS)—A press release of the Cotonou (Benin)-based Africa Rice Center reports that, following the shock increase in food prices that which sparked food riots in several African cities early last year, several member countries of the Africa Rice Center adopted measures which resulted in an 18% increase in rice production in 2008 in Africa as compared to 2007.

Helga Zepp-LaRouche's call, in May 2008, to double world food production, was a key intervention at that time, to opt out of globalization and return to the dirigistic farming methods of President Franklin Roosevelt's Agriculture Secretary Henry Wallace, and what became later known as the "Green Revolution" in Mexico, India, and elsewhere.

Most notable among today's achievements, is a 241% increase in Burkina Faso's rice production in 2008 compared to 2007. Burkina Faso was one of the countries rocked by food riots. The UN Food and Agriculture Organization (FAO) attributes this turnaround to government support to farmers that ensured access to high-quality certified rice seed, including rice varieties developed by the Africa Rice Center, and to other basic farm inputs.

Senegal, the world's eighth-largest rice importer, increased its rice production by 90% in 2008, through a Presidential initiative that put in place a distribution system which ensured that rice farmers could readily access subsidized farm inputs such as certified seeds and fertilizers. Other African rice-producing countries that have recorded double-digit increases in rice production in just one year are Mali, Benin, Nigeria, Ghana, Ivory Coast, Guinea, and Uganda.

A high-level, Paris-based source commented this morning that those figures might be slightly exaggerated, since prices normally would drop after such increases. However, he confirmed the substance of the reports: Production is huge. African governments really woke up and did a great job, he said. They went to each farmer and told him that he was important. Even if the IMF and the World Bank didn't like it, governments spent the money from their own funds, including going into deficits. Subsidizing agriculture is still considered a crime by Washington today, he said. The charities of the Bill and Melinda Gates Foundation and George Soros have nothing to do with this miracle.

The Africa Rice Center conducted a simulation, showing that Africa could, in principle, become a net rice exporter, providing more than 5 million tons of rice to the international market by increasing the current area under rice cultivation by 15%, and by using improved technologies to close the yield gap. The Center is urging governments to better manage and exploit natural water resources to increase the productivity of rice. According to the FAO, Africa uses only 4% of its renewable water resources. Irrigation would increase yields three or four times what is currently being achieved by relying on rainfall alone. Development of roads and storage facilities would reduce post-harvest losses, which amount to 40-60% of the rice produced. Targeted input subsidies to defray the costs of new and improved technologies are also necessary for ensuring the continent achieves its rice production potential. Africa's current rice yields are less than one third of what could be produced, if technologies and innovations were properly applied.

The Africa Rice Center is an intergovernmental association of 23 rice-producing African countries, which facilitates more effective policy dialogue on the continent through its council of ministers. It is also one of the 15 international agricultural research Centers supported by the Consultative Group on International Agricultural Research (CGIAR). More information on the Rice Center is available at: <http://www.warda.org/>

Also see *EIR*'s interview with Dr. Robert S. Zeigler, director-general of the International Rice Research Institute (IRRI, Philippines), a sister agency to the Africa Rice Center, in the CGIAR, in *EIR*, March 2, 2007, on the vast potential to increase rice production. http://www.larouchepub.com/eiw/public/2007/2007_1-9/2007-9/pdf/54_709_interview.pdf

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