

Morgan Chase's \$713 billion. Bank of America's \$10 trillion in derivatives puts it solidly on the hot seat in any financial crisis, and it has also loaned heavily to bankrupt companies. Rumors are flying that Bank of America has applied to the Fed for a secret bailout.

If the Fed winds up running the three biggest banks in the country, who's going to bail out the Fed?

Mutual funds, pension funds, and insurance companies are also big holders of stocks and have been hard hit by the decline. There's a lot more damage out there than has been admitted so far, and the hemorrhaging is continuing.

Pompous Pundits

Those tempted to listen to the siren calls of "recovery" and "sound fundamentals" emanating from the canyons of Wall Street and the nation's capital would do well to recall the comforting assurances given by the pundits and politicians in the period immediately before and just after the crash of 1929:

"Stocks prices have reached what looks like a permanently high plateau. . . . I expect to see the stock market a good deal higher within a few months," Yale economics professor and Hoover adviser Irving Fisher said on Oct. 17, 1929.

"The industrial situation of the United States is absolutely sound," Charles E. Mitchell, chairman of National City Bank of New York (a predecessor of Citigroup), said in early October 1929. "I know of nothing fundamentally wrong with the stock market or with the underlying business and credit structure," Mitchell added on Oct. 22, 1929.

Even after the 13% drop on Black Monday, Oct. 29, 1929, the pundits were urging the public to stay in the market. "This is the time to buy stocks," said market analyst R.W. McNeel on Oct. 30. "This is the time to recall the words of the late J.P. Morgan . . . that any man who is bearish on America will go broke. . . . Many of the low prices as a result of this hysterical selling are not likely to be reached again in many years."

"Financial storm definitely passed," banker Bernard Baruch cabled Winston Churchill in mid-November.

"I see nothing in the present situation that is either menacing or warrants pessimism," Treasury Secretary Andrew Mellon announced on the last day of 1929.

"I am convinced we have now passed through the worst . . . and shall rapidly recover," President Herbert Hoover stated on May 1, 1930.

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The Usefulness of Nepad for Africa

by David Cherry

"You are the masters of your continent! . . . My brother Mandela, my brother Mbeki, forgive! My brother Mugabe, forgive the whites! They are now poor. . . . You are free. We are bigger than them. We are mighty!" That was the kernel of an impromptu intervention by Muammar Qaddafi—to thunderous applause—at the founding meeting of the African Union, in Durban, South Africa, on July 8.

One of the elements of truth in Qaddafi's words, is that the Anglo-American powers are not as all-powerful—and Africa is not as helpless—as they seem in the illusions of many Africans.

A thoughtful Nigerian columnist addressed the problem of these illusions in relation to the New Partnership for Africa's Development (Nepad), a plan of African Presidents to get aid and investment from the developed countries, in exchange for policies of privatization, austerity, and politically good behavior (see *EIR*, June 14, 2002). Referring to the failure of the Group of Eight (G-8) summit on June 26-27 to offer Africa any real help via Nepad, Dr. Tajudeen Abdulraheem wrote in the Kaduna, Nigeria *Weekly Trust* on July 19, "I am not sorry they [the African Presidents] did not get the check. If they had gotten anything substantial, they would not be amenable to reason and to engagement with various anxious stakeholders who have been either very critical or cautious about Nepad."

Among the numerous African Presidents in the "very critical or cautious" camp are Zambia's Levy Mwanawasa and Namibia's Sam Nujoma. At a press conference on July 4 in Windhoek, Namibia, Mwanawasa, in a spirit akin to Qaddafi's, said of Nepad, "We must do everything we can do, to develop this continent. We must respect our sovereignty and not expect outsiders to do it for us."

Against this is the widespread view typified by an utterance of Mwanawasa's neighbor, President Benjamin Mkapa of Tanzania. Mkapa's complaint about Nepad is that "the rich North should stop the rhetoric and start delivering on their promises," as he told the Society for International Development in Dar es Salaam, Tanzania, on July 5. Mkapa, however, seems to be unaware of the depth of the economic crisis that affects the advanced-sector nations as well; for example, that the United States has debts of \$32 trillion in combined government, corporate, and household debt, compared to a Gross Domestic Product of \$10 trillion, and that about 72% of U.S. GDP goes to service that debt.

HIV/AIDS Could Collapse the State

But in one way, Mkapa is right. Because Africa is unlikely to be able to deal with the AIDS pandemic on its own, in time to prevent the utter collapse of society. The Prime Minister of Mozambique, Pascoal Mocumbi, is already warning, "We could face the collapse of the state."

At the G-8 summit in Canada, the African Presidents arrived with their Nepad proposal of 205 points. Buried in the document is Point 125, which states, "One of the major impediments facing African development efforts is the widespread incidence of communicable diseases, in particular HIV/AIDS, tuberculosis, and malaria. Unless these epidemics are brought under control, real gains in human development will remain an impossible hope." The G-8 responded with their own document, the Africa Action Plan, which includes a less categorical, but still pointed, passage: The consequences of AIDS "stand to undermine all efforts to promote development in Africa." Neither side, however, sought to make this fundamental point the basis of discussion.

Stephen Lewis, a Canadian who is UN Special Adviser on AIDS, said in an interview with *AllAfrica* shortly after the summit, "None of these summits means anything unless they are undergirded by dollars. . . . The suggestion of [an additional, annual] \$6 billion, pretending that it is new, is in fact an illusion. The \$6 billion is warmed-over money, previously announced in Monterrey and on other occasions. . . . The \$6 billion figure is pathetic. Abysmal . . . 2.3 million lives are being lost to AIDS every single year in Sub-Saharan Africa alone."

The reader, however, must climb a higher hill than Lewis occupies. The G-8 powers should be acting on the basis of an actually scientific view of the guaranteed interaction of the billowing HIV pandemic with the take-down in their own countries of hospitals, routine medical care, and public health and sanitation infrastructure: Once they are helpless, AIDS will take them, like a thief in the night. Their witchdoctors' condoms and other *muti* won't save them. This scientific view dictates massive investment *now* in a program of optical biophysics to discover the vulnerabilities of the HIV virus, as U.S. Presidential pre-candidate Lyndon LaRouche first proposed in the 1980s. It also dictates massive investment in, and encouragement of African and Asian development to deal with the poverty co-factor of AIDS stressed by LaRouche, and in recent years, by South African President Thabo Mbeki—poverty, ill health, and poor nutrition degrade immune systems.

That is, the G-8 powers, even if only in their own self-interest, would have the elimination of AIDS and the development of Africa as an object of passionate concern. In attacking AIDS, they would solve the problem that Africa probably cannot solve. Why isn't this happening?

The problem with the G-8 powers is not the absence of resources. Even with the U.S. debt crisis and the financial

collapse now under way, there are still some resources. The disability of the West is in its own illusions—illusions that have rubbed off onto some African leaders. The greatest danger of the illusion in the United States and elsewhere that permitted this to come to pass, is that money is the same thing as wealth. What is money, if it doesn't represent physical goods or capability? The financial bubble mentality of recent decades, preferring illusion to reality on all subjects, permits the West to imagine that the AIDS pandemic "can't happen here." Now, the financial collapse presents a chance to return to reality.

Nepad Encounters the African Union

Despite the absurdity of the G-8 summit, South African President Mbeki, in his weekly letter in the online *ANC Today* on June 28, declared that the summit "signified the end of the epoch of colonialism and neo-colonialism," and said that "the decision of the developed world to enter into a new partnership with Africa was expressed in concrete form."

But much of Africa does not agree. How could it? Is the International Monetary Fund about to change its spots? Did the summit mark the suspension of Anglo-American efforts to tell Africa who should exercise power in Zimbabwe, Zambia, Madagascar, and Kenya? Did the United States desist from trying to manipulate Nigeria into leaving the Organization of Petroleum Exporting Countries?

To crown it all, just after the summit, the British oligarchs, through their mouthpiece, the South African Institute of International Affairs (the local equivalent of the New York Council on Foreign Relations), declared that they had hoped that South Africa would take control of Africa and run it to suit them (a reference to what they hoped Nepad would be), but South Africa had fallen short. Above all, it failed to impose its will on Zimbabwe by threat of force—and the oligarchs would now have to do it by other means. Thus, Nepad exposed!

The institute's message was delivered in the form of an address by its deputy chairman, Moeletsi Mbeki, President Mbeki's younger brother—a cruel irony—to the Foreign Correspondents Association of South Africa. Before the apartheid era, Moeletsi Mbeki said, "South Africa was an important player on the world stage. Under the leadership of [British agent of influence Prime Minister] Jan Smuts, South Africa sat in the inner war councils of the Allies during both world wars. . . . When South Africa rejoined the community of nations after the demise of apartheid in 1994, the world [the oligarchs refer to themselves and their allies thus] therefore had great expectations of the government." These expectations have now been abandoned, Mbeki said.

The African Union (AU), first conceived by Qaddafi, was founded in Durban, only days after the younger Mbeki spoke, in early July, to replace the Organization of African Unity with an organization that has a program. The Nepad organiz-

ers had declared Nepad to be “a project of the African Union” many months ago, and the AU’s first chairman is Nepad’s leading protagonist in Africa, South African President Mbeki. Yet Qaddafi, at a reception for Mbeki in Tripoli before the summit, had called Nepad a project of “former colonizers and racists. . . . If there are common benefits, we are ready. There is no problem. . . . But we will not be tricked easily. Africa is a giant which has woken up and broken its shackles.” His vision of the AU is one of an aggressively independent and self-determining Africa—unlike Nepad, once its rhetoric is stripped away—even seeing Africa as a single nation. “We must invest in it and build roads, so we have a powerful economic space rivaling Europe and China,” he told Libya’s Parliament on July 19.

Which outlook prevailed in Durban? Apparently, neither. The crucial Assembly of Heads of State commenced on July 8. That day, Qaddafi’s proposal to increase the size of the Nepad Heads of State and Government Implementation Committee from 15 to 20 was adopted. It was an important decision that shifted the balance of power.

South Africa, meaning President Mbeki’s faction, “has lost a titanic battle to rapidly transform the newly launched African Union into a formidable machine that would police errant nations and kick-start the continent’s economic revival,” wrote the *Financial Gazette*, a pro-British Harare, Zimbabwe daily on July 11. The summit “had been expected to crown reform-minded South African President Thabo Mbeki’s ascendancy to the leadership of a result-oriented united Africa,” it said. “Diplomatic sources said the first deadly blow against the reformists’ agenda was delivered on Monday when Libyan leader Muammar Qaddafi’s proposal to increase the number of representatives on the implementing committee of Nepad from the original 15 to 20 was adopted. By increasing the number, analysts said countries such as Libya and Zimbabwe, which would have been left out of the committee because of governance issues, were now likely to sneak in through their regional dominance.” But Qaddafi’s vision does not seem to have gained dominance, either.

Africa Must Industrialize

There can be no doubt that Nepad has made itself useful by provoking an all-African debate on important issues. One particular voice, not present at the G-8 summit or the founding of the AU, stands out. It is the almost child-like voice of an old man—child-like only because he freely says what others have been taught to forget. Rev. Clement Janda, outgoing general secretary of the All Africa Conference of Churches, said in an interview in Nairobi in mid-July, that the only way forward for Africa is through industrialization. Janda is an Anglican clergyman from Sudan. Africa has the resources, both human and material, he said. He blamed Africans for a propensity to look to the West, Japan, and elsewhere for finished goods, and for not taking the issue of industrialization

seriously. The wheel has already been invented, but “we must learn to produce it ourselves,” he said, according to the African Church Information Service (ACIS) on July 15. In recent years, Janda has been outspoken that the West must help by “uprooting the debilitating debt burden.”

This is what LaRouche has taught these many years. This is the implication of LaRouche’s 1981 book, *Stop Club of Rome Genocide in Africa! Critical Comments Appended to the Lagos Plan of Action*, with its emphasis on how the productive city is built. But for most Africans, “Africa must industrialize” is a “hard saying,” because their ears are attuned only to the UN lexicon, in which the word “industrialization” has been replaced by “poverty reduction”—channeling resources and suitable employment to the poorest. But “poverty reduction” cannot change the productive geometry. It cannot even live up to its name by reducing poverty on a large scale. Only industrialization can do that.

Janda’s view, wrote the ACIS, is that he considers “the new move to inject life into Africa’s economy through Nepad as not genuine and realistic, noting that it was likely born out of the fear by the West about the new African Union. He felt this was to counter the threat posed by the Union to the developed world as it [Nepad] was orchestrated by the West.”

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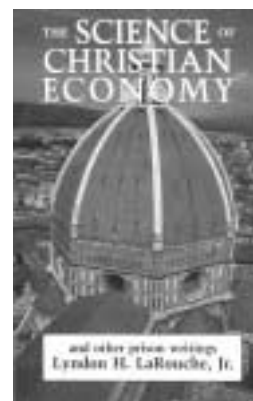
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