

EIR Daily Alert Service

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EDITORIAL

Ever Wonder What a Chain-Reaction Economic Breakdown Looks Like?

Aug. 31 (EIRNS)—In a Jan. 23, 2008 article issued within 48 hours of the Black Monday blowout of international stock markets, and London and Washington’s panicked decision to bail out the global speculative bubble with funny money, Lyndon LaRouche sternly warned: “Failure to take the kinds of U.S. emergency reforms which I have prescribed, would now ensure a chain-reaction form of global hyper-inflationary collapse, threatening to carry the entirety of our planet into a prolonged new dark age.”

Lyndon LaRouche’s advice was not taken. Instead, quantitative easing was unleashed, and some \$30 trillion in worthless paper has been issued since then to try to bail out the bubble, which grew from about \$1.6 quadrillion in 2008 to nearly \$2 quadrillion today. And now we are in the throes of the chain-reaction blowout that LaRouche warned about, combining hyper-inflation with physical-economic collapse that will leave nations and their peoples as wreckage in its wake.

There is, it should be stated, growing recognition that a breakdown crisis is in fact underway—but not of what to do about it. Just sample some prominent comments from the last 24 hours:

“(An) economic catastrophe (is) just a month away”—U.K. Liberal Democrats’ Cabinet Office spokesperson Christine Jardine.

Western Europe is headed for an “energy collapse”—Hungary’s Foreign Minister Peter Szijjarto.

“The next 5 to 10 winters will be terrible if nothing is done”—Belgian Energy Minister Tinne Van der Straeten.

Without fossil fuels, “civilization will crumble”—Elon Musk.

U.K. inflation will soar to over 22% next year—Goldman Sachs.

Europe, in fact, is looking at a New Dark Age on its doorstep, and the United States is not far behind. It is a New Dark Age *triggered* by self-imposed energy shortages resulting from the anti-Russia sanctions policy, but *caused* by the financial Establishment's abiding commitment to a Malthusian policy of global deindustrialization and mass depopulation.

Small wonder, then, that China, Russia, and most of the developing sector are refusing to go down with the sinking ship, including its policy of geopolitical wars and bloody silencing of opposition voices.

There is little time left to heed Lyndon LaRouche's warnings and policy advice—but it is sufficient if we get at it. What follows is LaRouche's full introduction to the above-mentioned 2008 article, published in the February 1, 2008 issue of *Executive Intelligence Review*, "[Hyperinflation Is Here! This Economic Breakdown](#)"

“The insane U.S. decision, over the past week, to launch a ‘stimulus’ package for the U.S.A. economy, has committed the U.S.A. to its present entry into a new trajectory: that of a hyper-inflationary economic breakdown-crisis. This is a crisis whose effects, unless reversed very soon by the measures I have recently specified, would certainly radiate world-wide, almost certainly bringing the entire planet, soon, into a ‘new dark age’ comparable to that triggered by the Fourteenth-Century, medieval Venetian system's Lombard banking firms, such as the notorious House of Bardi. I had expressed the fear, on various public occasions since 1968 developments, that the changes in U.S. and other nations' economic, monetary, and financial policies launched, successively by the combination of the Nixon Administration's cancellation of the Bretton Woods fixed-exchange-rate monetary system, and the wrecking of the U.S. physical economy by the Carter Administration's implementation of the policies of the Rockefeller-Brzezinski Trilateral Commission, must, if not reversed, lead, ultimately, into not only the establishment of fascistic policies inside the U.S.A., as exactly this outcome has been in progress around Shultz, Rohatyn, Bloomberg, and Schwarzenegger, but, also, into a general

breakdown-crisis of not only the U.S. economy, but the world's economy as a whole.

“During the past two weeks, the U.S.A. and the United Kingdom both entered such a general, hyper-inflationary form of general economic breakdown crisis, into a period of an hyperinflationary form of monetary stimulus comparable to that of 1923 Weimar Germany. Unless this presently ongoing trend in policy-shaping in process is stopped, there is no part of the world which would not be soon swept into world-wide effects of a form of global breakdown-crisis comparable to that of Europe's Fourteenth Century.

“This threat could be stopped, even now; but failure to take the kinds of U.S. emergency reforms which I have prescribed, would now ensure a chain-reaction form of global hyper-inflationary collapse, threatening to carry the entirety of our planet into a prolonged new dark age. Such, for example, are the only really important issues to be considered by the current U.S. Presidential pre-election campaign. All other concerns are almost irrelevant.”

- Watch [Harley's Updates](#) with Harley Schlanger on Thursday September 1, 2022: Every weekday morning on The LaRouche Organization, Schlanger will give you the strategic briefing you need to start your day.

COLLAPSING WESTERN SYSTEM

Morgan Stanley's Stephen Roach: 'Go Back to the Pain Paul Volcker Had To Impose on the U.S. Economy'

Aug. 31 (EIRNS)—“Go back to the type of pain Paul Volcker had to impose on the U.S. economy to wring out inflation,” were the instructions transmitted by Morgan Stanley Asia head [Stephen Roach](#), in supporting Fed chief Jerome Powell's marching orders delivered to the world financial community gathered at Jackson Hole on Aug. 26. Roach, who is also a

former Fed economist, spoke to CNBC on Aug. 29, and said that he sees the U.S. sinking into a deep economic downturn lasting into 2024, and that it will take a “miracle” to avoid a recession. “We’ll definitely have a recession as the lagged impacts of this major monetary tightening start to kick in,” Roach warned, adding, “They haven’t kicked in at all right now,” reported CNBC on Aug. 29.

Roach backed Powell’s threat to return to Volcker-style leaps in interest rates. “Go back to the type of pain Paul Volcker had to impose on the U.S. economy to ring out inflation. He had to take the unemployment rate above 10%.... The only way we’re not going to get there is if the Fed under Jerome Powell sticks to his word, stays focused on discipline, and gets that real Federal funds rate into the restrictive zone. And, the restrictive zone is a long way away from where we are right now.... “We’re going to have to have a cumulative drop in the economy [GDP] somewhere of around 1.5% to 2%. And, the unemployment rate is going to have to go up by 1 to 2 percentage points in a minimum. ... That would be a garden variety recession.”

The United Kingdom Leads the Way... to Hell

Aug. 31 (EIRNS)—The British government and secret services have led the West’s war drive against Russia. Now they are out to show the world that they can out-Volcker Volcker on the economic front too.

U.K. inflation will soar to over 22% next year, according to Goldman Sachs, outbidding Citigroup’s earlier projection of only 18.6%, RT reported. Purportedly to combat such inflation, investors expect the Bank of England to adopt “drastic measures,” Bloomberg reports, including raising interest rate by 2.5% over the next couple of months, bringing the current rate of 1.75% up to 4.25%.

Goldman specifies that, if energy prices keep rising, “the U.K. may be forced to hike its energy cap by a further 80% in January, which would in turn push inflation up to 22.4% and cause a 3.4% drop in the country’s GDP,” RT reported. But even if energy prices stabilize—highly unlikely, as

things are going—inflation will hit 15% in January, and that also spells recession.

How does that impact the average British subject? According to a new poll reported by London's *Independent* Aug. 29, one in four Britons simply won't turn on heating at all this winter, while 69% said they would turn their heating on less. "The research comes amid warnings of a dire winter, as the energy price cap is set to rise 80% by October, pushing the average household's yearly bill up from £1,971 to £3,549 (\$2,300 to \$4,150)," according to RT.

The Liberal Democrats' Cabinet Office spokesperson Christine Jardine had some choice words about this: "It is a national scandal that parents are having to choose between heating their homes and feeding their children. It shouldn't be like this ... (an) economic catastrophe (is) just a month away."

Hungarian Foreign Minister Warns of 'Energy Collapse,' Demands End to War

Aug. 31 (EIRNS)—Hungarian Foreign Minister Peter Szijjarto warned on Aug. 29 that Western Europe is headed for an "energy collapse." Western Europe's policy of rejecting Russian energy, even in the absence of suitable alternatives, could lead to a systemic collapse, he said. "All these statements ... from Western Europe on the issue of energy supply simply do not work at all with winter approaching," Szijjarto explained to a meeting of his country's diplomats, reported UrduPoint News/Sputnik yesterday.

He also said that he will tell European Union Foreign Ministers at their Aug. 31 meeting in Prague to halt making moves that help to escalate the conflict in Ukraine, and rather focus on a peaceful settlement, according to [TASS](#). "At the meeting of European Union foreign ministers, I will ask for the war to finally end," he said in a video posted to Facebook (however, Facebook is banned in Russia, TASS notes). He added that it's now necessary to "forget the proposals that threaten to further escalate the war and allow Europe to focus on peace, as the consequences of war will be even more tragic if there is no peace in the short term."

He then listed the threats to the global economy that were brought on by the conflict in Ukraine and sanctions on Russia: energy crisis, outflow of labor resources, shortages in the global food market, and new migration waves. “We should put aside proposals that are escalating the war and finally focus on creating peace in the world,” he said.

Belgian Energy Minister Says EU Could Have ‘Terrible Winters’ for the Next 5-10 Years

Aug. 31 (EIRNS)—The Belgian Prime Minister had said the same thing yesterday. Today, the country’s Energy Minister Tinne Van der Straeten warned that “the next 5 to 10 winters will be terrible if nothing is done,” and she called for immediate steps to impose a price cap on uncontrolled gas prices. “The European energy market is failing and urgently needs reform.... This is no longer tenable for many families and companies. Electricity is produced as cheaply as last year but sold at record prices. By reforming, we are tackling exuberant excess profits.”

Belgium, like most countries in Europe, is in the barrel. Inflation jumped to 9.94% in August, just short of the 1976 record of 9.96%, data from the country’s Statbel statistics agency showed on Aug. 30, RT reported. “Energy inflation is now running at 49.81%, compared to 49.11% last month and 55.99% in June. Electricity is now 57.2% more expensive than a year ago. Natural gas is 106.9% more expensive than in August last year. The price of domestic heating oil, calculated based on a smoothed 12-month moving average, has increased by 52.6% in one year. Motor fuels are 21.0% more expensive than last year,” the agency stated. Food prices in the country also surged 9.71%.

Pakistan Flooding Leaves Over 1,100 Dead and 33 Million Needing Aid

Aug. 31 (EIRNS)—The monsoon in Pakistan has vastly overwhelmed the water management capacity of Pakistan’s dams. As of Aug. 30, over a third of the country is flooded, largely in areas surrounding the north-south Indus River. Over 1,100 are known to have died, and over a million homes have been damaged, with over a third of them completely destroyed. Further,

735,000 livestock have been drowned or swept away, and 3.6 million acres of crops damaged, wiping out cotton, wheat, vegetable and fruit harvests. There are an estimated 33 million people in need of aid, but reaching them is challenging, as over 2,000 miles of roads and 162 bridges have been destroyed. Expected food harvests are removed from diets and waterborne diseases are an issue.

The UN is trying to raise funds for their plan to get aid to about 5 million people. Yesterday, China deployed two of their largest military cargo aircraft to Karachi, carrying an initial 3,000 tents plus other aid. China's Foreign Ministry spokesman Zhao Lijian stated: "As all-weather strategic cooperative partners and 'ironclad' friends, China and Pakistan have been sharing weal and woe for a long time, reaching out to each other and responding to major challenges such as natural disasters side by side." He added that yesterday's shipment was just the beginning.

Pakistan has been attempting to construct over 12,000 MW of hydroelectric capacity on their rivers this decade. Doing so would more than double the present capacity (of just under 10,000 MW). That China has taken the lead in the projects, as a major part of their Belt and Road design, has left the Western nations crying crocodile tears.

STRATEGIC WAR DANGER

Russian UN Ambassador Nebenzia Counters 'Our Western Former Partners' on Afghanistan

Aug. 31 (EIRNS)—[Vassily Nebenzia](#), the outspoken Russian ambassador to the United Nations, denounced "our dear former Western partners" for making a mess of Afghanistan and now demanding that Russia pay to rebuild the country. Nebenzia was responding to a speech by U.S. ambassador to the UN Linda Thomas-Greenfield.

"The cynicism of such statements is simply amazing: we are called to chip in to restore the country, the economy of which was actually destroyed by 20 years of U.S. and NATO occupation. This means that instead of

admitting our mistakes and trying to correct them, we are now reproached for not wanting to pay other people's bills. This is an original proposal....

“No, gentlemen, our Western former partners, you need to pay for your mistakes. And to begin with, to return to the Afghan people the money stolen from them.

“We have helped and will continue to help Afghanistan, and we recommend that you focus on compensating to the Afghans for the 20 years of senseless occupation that destroyed Afghanistan and put its people on the brink of survival. Not everything is measured in money. The lives of those killed while you tried to plant democracy in Afghanistan and crippled in the course of hostilities cannot be measured in money, nor can they buy the loyalty of the Afghan people, which the United States seems to have completely lost,” Nebenzia insisted in his right of reply.

Pope Francis Is the Latest Target of Ukraine's Myrotvorets Hit Squad

Aug. 31 (EIRNS)—On Aug. 28, the website of the fascist Myrotvorets (“Peacemaker”) hit squad in Ukraine attacked Pope Francis for his comments in a general audience about the assassinated Russian journalist Darya Dugina. Although they did not place His Holiness on their official hit list (at least not yet), the Myrotvorets site warned: “The Myrotvorets Center is closely following statements by the Pope. We note with astonishment that Francis of Rome is voicing Kremlin talking points and belittling the blood-letting of the fascist Russian invaders of Ukraine.”

The remarks by [Pope Francis](#) that were considered offensive were made while addressing his Wednesday general audience at the Vatican on Aug. 24: “I think of so much cruelty, so many innocents who are paying for madness, the madness of all sides, because war is madness and no one in war can say: ‘No, I am not mad.’ The madness of war.

“I think of that poor girl blown up by a bomb under her car seat in Moscow [Darya Dugina].

“The innocent pay for war, the innocent! Let us think about this reality and say to each other: war is madness.

“And those who profit from war and the arms trade are criminals who kill humanity....

“But today in a special way, six months after the beginning of the war, we think of Ukraine and Russia, I consecrated both countries to the Immaculate Heart of Mary. May she, as Mother, turn her gaze on these two beloved countries: may she look upon Ukraine, look upon Russia, and bring us peace! We need peace!”

His prayer quickly led to a protest by Ukraine’s envoy to the Vatican Andrii Yurash, who called the remarks “disappointing,” because it is a mistake to speak about the “aggressor” and the “victim” in “the same categories.” Then Kiev summoned the Vatican envoy, Archbishop Visvaldas Kulbokas, to lodge a formal complaint, which Foreign Minister Dmytro Kuleba revealed to the media on Aug. 25. Kuleba also said “Ukraine’s heart was torn by the Pope’s words,” calling them “unjust.”

The Pope has been considering a trip to Ukraine, but has made it clear that he will only go, if he can also travel to Russia. This is a standard Vatican diplomatic effort to maintain neutrality in such conflicts. The Zelenskyy government in Kiev has made it clear they are totally opposed to such a Russia trip by the Pope.

German Domestic Intelligence Criminalizes Criticizing the State

Aug. 31 (EIRNS)—On Aug. 18, German media reported a press conference by Director of the Federal Office for the Protection of the Constitution (Bundesamt für Verfassungsschutz, BfV) Thomas Haldenwang, in which he warned that citizens’ protests against the war in Ukraine, rising prices, inflation and anti-COVID measures would be infiltrated by right-wing extremists and conspiracy believers. He thus placed all people and their legitimate protests against existential economic hardship under general suspicion of being controlled. Above all, he considered that “Russian actors” wanted to use false information to deliberately turn society against trust in the state, government and democracy and to instrumentalize the people’s discontent, reported the likes of *Handelsblatt*.

The BfV is a subordinate agency of the Ministry of the Interior and is similar to a domestic intelligence service. The Interior Ministry had already issued the document “[FAQ—Disinformation in the Context of the Russian War of Aggression against Ukraine](#)” in May 2022, which is supposed to specify exactly what thought and speech taboos there should be on the subject.

The following elements play the main role:

- There were no atrocities committed by Ukraine against civilians in Donbass
- There are no Western nuclear, chemical or biological research facilities in Ukraine
- There is no neo-Nazi regime, but Ukraine is a democratic state
- There are few criminal incidents against Russian-born population

In order to detect false allegations and disinformation, the Federal Foreign Office, the Federal Press Office and, in the lead, the Federal Interior Ministry coordinate the monitoring of information spaces and exchange information in an ongoing basis. The public is to be made resilient and sensitized. The Federal government, the states, local authorities and foreign partners are networked.

Taiwanese Troops Fire at Chinese Drones

Aug. 31 (EIRNS)—Yesterday, Taiwan troops fired warning shots at a Chinese drone flying over an Taiwan-controlled islet near the island of Kinmen (aka Quemoy), which is only about 10 km from the mainland city of Xiamen on the coast. The drone headed back to the mainland after the shots were fired, a military spokesperson said, reported Reuters. Kinmen defense command spokesman Chang Jung-shun said the live rounds were fired at the drone which had approached Erdan islet just before 6 p.m. local time (10:00 GMT), with flares being used previously. Taiwan has been complaining about harassment by Chinese drones over the last few days, complaints that were dismissed by the Chinese side. Footage of at least two

drone missions showing Taiwanese soldiers at their posts, and in one case throwing rocks at a drone, have circulated widely on Chinese social media.

Global Times responded to the hype about the drones by saying there's no need to make a fuss because they were civilian drones flying legally over Chinese territory. Chinese Foreign Ministry spokesman Zhao Lijian said at a routine press conference "Chinese drones flying over China's territory—what's there to be surprised at?" Furthermore, the frequent flights of civilian drones from the mainland expose the Taiwan armed forces' weak defenses, and even if Kinmen is equipped with anti-drone systems, they would only affect civilian drones, not military ones, experts told *Global Times*.

UNITED STATES

Jackson, Mississippi without Running Water, as Treatment System Breaks Down

Aug. 31 (EIRNS)—Most of the people in Jackson, Mississippi—the state capital, population 160,000—are without drinking, forcing the city school system to be put on virtual learning for lack of water; sewage is floating in sections of the city. The Pearl River, swollen by heavy rains, flooded into Jackson's O.B. Curtis Water Treatment plant, which was already crippled, and overwhelmed its capacity to process or to treat water. The reason that a crisis of such proportions has occurred is that Jackson's water treatment and waste treatment system have crumbled without replacement over more than two decades.

Jackson encapsulates the 40 years of deliberate neglect and devastation of America's infrastructure base under the Paul Volcker policy of "controlled disintegration."

Jackson's two water treatment plants—the 50 million gallon per day (mgd) O.B. Curtis plant, and the 25 mgd J.H. Fewell plant—underwent a compliance inspection by the U.S. Environmental Protection Agency on Feb. 3-7, 2020. EPA's 24-page report, entitled, "[Safe Drinking Water Act Compliance Investigation](#)," was explosive:

“The City of Jackson’s water distribution system experiences numerous leaks and line breaks, with crews reportedly repairing 5 or 6 of these per day.... Loss of pressure associated with these incidents requires the city to issue ‘Boil Water Notices’ (BWNs); over 750 BWNs have been issued since 2016. The distribution lines are aging, and a master plan for pipe replacement issued by the city in 2013 is not being implemented. Instead, the city focuses on replacing those line segments that require 10 to 15 repairs per year.... The city estimated water loss rates in the distribution system of 40 to 50%. As a result of these issues, three local hospitals have drilled their own wells and left the city of Jackson’s water system in order to have access to reliable sources of drinking water.”

The EPA inspectors found the O.B. Curtis and J.H. Fewell water treatment plants understaffed, lacking competent workers. At the O.B. Curtis plant, wrote EPA, “the raw water screens were rehabilitated in 2014. EPA inspectors found them to be nonfunctional [in 2020], and operators said that they had been nonfunctional since 2017.” Further, after water is filtered in a water treatment plant, and then “disinfected with ultraviolet (UV) lamps and discharged from the UV reactors to a clean well,” the EPA report documented many instances when the UV lamps did not work and/or were offline.

Jackson water treatment pumping systems already ran into major problems in July of this year. The Pearl River flooding (the river reached flood stage on Aug. 29 and was expected to fall below flood stage by Sept. 1) merely detonated an existing problem.

Jackson Mayor Chokwe Lumumba advised last week that Jackson would need \$200 million to fix the city’s water system. SAMCO, a leading American water and wastewater plant manufacturer, reports that a standard new 200-1,000 mgd capacity raw water treatment system can be constructed at a cost of \$975,000 to \$3 million, depending upon water flow. It might be wise to consider constructing one 250 mgd plant to replace one of Jackson’s currently failing plants.

FOOD YOU NEED

German Farmers Take Protests to Cities, Warn ‘Clueless’ To Stop Ruining Agriculture, Creating Hunger

Aug. 31 (EIRNS)—German farmers brought tractors, trucks, and many hundreds of protestors into at least six city centers Aug. 31, in a nationwide action to warn the government and public to stop the assault on agriculture and stop causing world hunger. The chief organizing group was the Land schafft Verbindung (Land Creates Connection, founded in 2019), whose well-known banner was seen at many locations: No Farmers, No Food, No Future. Young farmers were very active in the Mainz and Dresden rallies.

The cities included Stuttgart, Mainz, Dresden, Potsdam, Magdeburg, and Würzburg, and the numbers of tractors and demonstrators varied from city to city, but the national impact of protests in all the Old Town squares was strong. In Dresden, for example, the rally was directly in front of the famous Frauenkirche.

Among the banners in Mainz, one on a tractor in the pre-dawn convoy, proclaimed: “Clueless People Are Going To Ruin Us, So We Are Going To Demonstrate!”

Organizers for the Schiller Institute and the BüSo were on hand in at least three cities. The Schiller Institute has served as a cross-fire center for relaying international messages of support for the protesting farmers, and from all others, to join the fight. The German farmers are manning the frontlines for science, morality and economic policy to produce food.

In Dresden, one of the rally speakers was Andreas Wilhelm, an activist with Land schafft Verbindung, who made a point of discussing what had happened to Ukraine agriculture over the past 30 years, where livestock and diversified farming were reduced in favor of what the transnational cartels wanted for export. Now we must build and fight for all farm capacity.

Wilhelm said: “Agriculture policy is global, contrary to what [German Agriculture Minister] Özdemir says. We have to look at the global framework. Population growth required over past decades a 2% [annual]

increase in agricultural output in order to secure the food needs more or less. The population growth will continue.

“The UN estimates that over the next 50 years, population will grow by another billion, which means that agricultural production has to be increased by 50%. We in Germany have to confront that task; we’re not here just to achieve food security in Germany, but we in Germany and in the European community have to make commitments and contributions to secure world food production.

“Since 1990, some 90% of livestock operations were dismantled in Ukraine; 10% of animal production capacity is still available. At the same time with the help from Germany and the EU, Ukraine implemented advanced agricultural technologies, undergoing modernization that made it possible for Ukraine to triple output over the past 10 years. Ukraine is in a position to export 30 million metric tons in agriculture commodities annually and contribute to food security for growing needs worldwide.

“That is in danger now. For that reason we all have a shared responsibility. And what the politicians do in Germany and in the EU is only possible because Ukraine and Russia export surpluses. I want to make everyone understand that we have a responsibility, beyond Germany, for the whole world.”