The LaRouche record: national economic security

by Susan Welsh

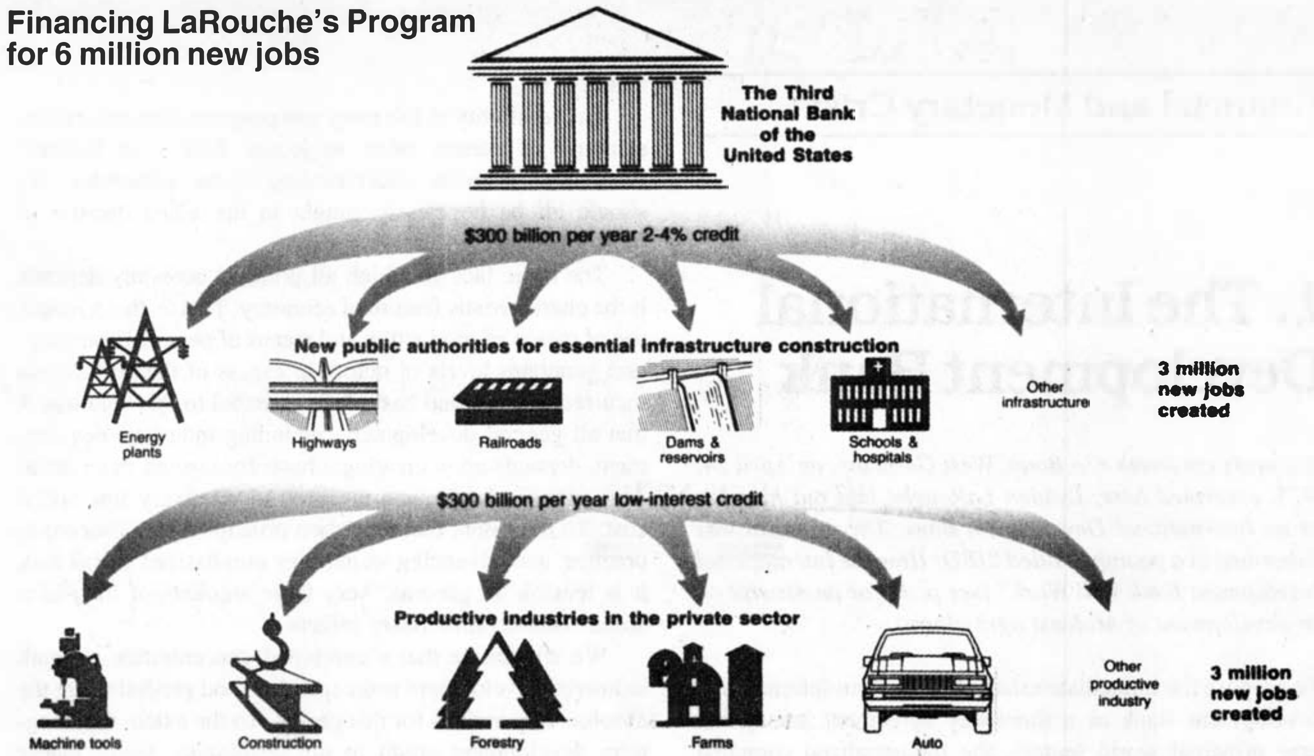
Throughout this year's U.S. Presidential election campaign, reflections of Lyndon LaRouche's policies and programs keep popping up. Pat Buchanan discovers that you don't have to love free trade to be a Christian. Circles in the Democratic Party talk about using a tax to curb speculation in financial derivatives. But nobody is telling the truth about the full extent of the crisis the world economic system is facing, and what needs to be done about it, except LaRouche himself. And he is being subjected to a media blackout; even when he won 9.6% in the Delaware primary, the Associated Press lied that "President Clinton ran unopposed."

It's time to set the record straight. In this *Feature,* we reproduce excerpts from a few of LaRouche's most important policy statements on issues of *national economic security,* some of them dating back more than 20 years. Had policymakers heeded LaRouche's warnings, and acted to implement his proposed solutions, we would not be in the crisis in which we now find ourselves, careening toward a breakdown of the world financial system.

In recent issues of *EIR,* our readers will have noted LaRouche's emphasis on "the Hamlet problem": Hamlet was destroyed by his tragic failure to overturn the false axioms in his own thinking, which were leading him to doom. He clung stubbornly to his flawed beliefs, preferring to die, than to abandon these received opinions. So today, our fellow citizens refuse to give up the beliefs that have brought them to the brink of catastrophe.

As you will see in reading the documents reprinted here, LaRouche has sought, throughout his life, to act as *the agent of change*: to confront the prejudices of both policymakers and the average citizen, in a Socratic way, that they might save themselves and their nations.

This has nothing to do with populist attacks on "the big guys," such as Pat Buchanan might engage in. LaRouche's method is based on a rigorous scientific understanding of physical economy, of man's unique role in making creative discoveries, acting in the image of God. (For a recent elaboration of the method behind LaRouche's discoveries, see his article in *EIR,* Aug. 11, 1995, "Non-Newtonian



In December 1991, Lyndon LaRouche called for putting 3 million people back to work in the public sector, for infrastructure projects such as railways and water systems, and another 3 million to be employed in the private sector, as a spin-off of these public projects.

Mathematics for Economists.")

We have divided "the LaRouche record" into three categories, each presented chronologically.

First, are statements concerning the financial and economic crisis, beginning with LaRouche's historic call for an International Development Bank, presented at a press conference in Bonn, West Germany, on April 24, 1975. The plan called for three-way cooperation by the industrialized capitalist sector and the socialist countries, to develop the Third World. Elements of LaRouche's proposal were incorporated into the final resolution of the Colombo, Sri Lanka Conference of the Non-Aligned Movement, on Aug. 19, 1976.

Unknown to LaRouche and his associates at that time, U.S. National Security Adviser Henry Kissinger had just commissioned, a few months before, a classified study, National Security Study Memorandum 200, which defined the growth of population in the developing sector as a *national security threat* to the United States. Ever since that time, LaRouche and Kissinger have been at loggerheads, as Kissinger has acted as the enforcer for the International Monetary Fund's policy of "free-market" genocide and Malthusianism.

Our selection also includes several of the forecasts LaRouche has made on critical developments in the financial and monetary system: his October 1979 warning that Federal Reserve Chairman Paul Volcker's increase of interest rates would lead to a recession beginning in 1980 (it did); his forecast, in May 1987, that a stock market collapse would occur in October 1987 (it did); and his "Ninth Forecast" of June 1994.

The second group of statements reprinted here, concerns the physical economy, including notably LaRouche's pioneering work on what became known as the Strategic Defense Initiative. We also record his October 1988 forecast of the reunification of Germany, and his warning, after the fall of the Communist regime in the Soviet Union, that the West must abandon the dogmas of the British free-trade faction in its dealings with Russia.

Third, is a small selection from the massive programmatic literature LaRouche has produced, on issues of international economic development. We begin with selections from the International Development Bank proposal, on the way Israel might cooperate with its Arab neighbors to develop the Mideast; and we conclude with a recent document that locates the development of Russia in the context of a European "Productive Triangle" and a Eurasian land bridge.

This extraordinary series of documents shows why people all over the world are looking to LaRouche as the best hope for their nation. Yet, it is not as though these programs are unknown to the world's policymakers. They have been circulating for decades now, but have not been acted upon. Therefore, citizens who understand the urgency of these programs, especially the need to declare the global financial system bankrupt and to replace it with a system of national banking, must take responsibility themselves, to force the policymakers to act, before it is too late.

1. The International Development Bank

At a press conference in Bonn, West Germany, on April 24, 1975, excerpted here, Lyndon LaRouche laid out his plan for an International Development Bank. The proposal was elaborated in a pamphlet titled "IBD: How the International Development Bank Will Work" (see p. 37 for an excerpt on the development of Mideast agriculture).

We propose the immediate establishment of an International Development Bank as a three-way agreement among the three principal world sectors, the industrialized capitalist sector, the so-called development sector, and socialist countries. The Bank would discount letters of credit and bills of exchange authorized by treaty agreement among nations and self-constituted groups of nations, and would thus act as a rediscount bank for those other letters of credit and bills of exchange generated in the course of supplying needs of final commodities producers producing for bookings issued under relevant international development bank treaty agreements.

For example, several key developing sector nations have demanded that the industrialized sector negotiate interlocking agreements concerning three items: energy, raw materials, and food. Our essential criticism of this agenda is that it included only three principal items, instead of the necessary four. The fourth item should be "development." Our remarks concerning this example are not conjectural, provided that suitable initiative proposals are generated by significant forces of the industrialized sector, key forces within the so-called "Third World" will be prepared to immediately begin working negotiations along the lines of such a four-point form of general treaty agreement with the industrialized sector.

On the basis of our own organization's studies, and our discussions of these studies with governments and leading political forces within the "Third World," we have determined to the point of certainty that the activities of an International Development Bank in connection with present wishes and consumption capabilities of the developing sector, would be sufficient to generate a higher rate of industrial expansion in the advanced sector than has been seen during the most prosperous intervals of the past quarter century.

The feasibility of this proposed program demands understanding of certain often neglected ABC's of Political Economy. Without understanding those principles, we should all be hopelessly caught in the worst disaster of human history.

The basic fact on which all political economy depends is the characteristic feature of economy. That is, that a proper use of means of production and means of personal consumption generates levels of output in excess of the prime costs incurred. The second basic fact, essential to this solution, is that all general development, including industrial development, depends upon creating a basis for growth in an abundant supply of adequate nutrition at relatively low social cost. To the extent that these two principles are observed in practice, and advancing technology emphasized to that end, it is feasible to generate very large amounts of long-term credit without inflationary effects.

We emphasize that a combined concentration on both industrial development and expanded food prodution are the absolute imperatives for this period. To the extent that long-term development credit to the developing sector places priority emphasis on rapidly increasing the amount and social productivity of world food production, any amount of credit can be issued over a 10- to 15-year term ultimately payable in expanded food, in increased masses of productive labor, and in the social productivity of human labor generally.

The immediate problem the new bank will face is this. In addition to the immediate potential for substantially increasing agricultural output and productivity generally, there are three regions of the developing sector which represent massive opportunities for increases in agricultural output. One of these, the Rio de la Plata region of South America, offers short-term major benefits for development as an agro-industrial region. The other two, the Sahel, and the India-Bangladesh-Pakistan region, represent potentially major world food-producing regions, but will require 10 to 15 years of massive engineering efforts and development to approach their enormous surplus potentials. Therefore, our problem is to provide a level of development equivalent to approximately a quarter-trillion current transferable rubles annually, concentrated on low-interest loans and grants with a typical maturity in the order of 10 to 15 years required for loans.

The apparent difficulty of conducting such programs is only apparent and not actual. To the extent that the industrialized sectors can generate large surpluses in excess of immediate reinvestment requirements within that sector, that portion of surplus can be issued as credits and grants without adverse economic effects. The only real problem involved is that of raising the gross level of industrial outputs to the scale the indicated undertaking requires. . . .

2. Volcker's measures will lead to disaster

This statement was issued by LaRouche on Oct. 16, 1979:

I herewith submit a demand for the prompt impeachment of recently appointed Federal Reserve Chairman Paul Volcker.

Yesterday, appearing before a committee of the United States Senate, Volcker either lied or manifested gross incompetence in the course of a reply to Senator Paul Sarbanes, Democrat of Maryland. He stated, falsely, in his response, that the Federal Reserve System could not channel the flow of constricted liquidity in such a way as to ensure adequate credit for maintaining the operating capital of business employers.

In fact, the Federal Reserve System has the capability, with the consent of the Executive branch and Congress, to conduct precisely the sort of anti-depression measures which Senator Sarbanes proposed.

Mr. Volcker either knows this, in which case he committed perjury in sworn testimony before the Senate, or he does not know this, in which case he is impeachable for incompetence.

In earlier public statements, Mr. Volcker has stated himself to be a supporter of a doctrine of "controlled disintegration" for both the United States and the world economy. Now, under the semantic pretext of "anti-inflation" "fiscal austerity," Volcker has abused his powers as Federal Reserve chairman to implement measures which constitute an efficient effort to plunge the U.S. economy into misery, chaos, and confusion of the sort ultimately worse than the conditions experienced during the Great Depression of the 1930s. In light of the evidence of a conscious intent behind Mr. Volcker's attempts to ruin the U.S. economy, his conduct in office must be regarded as no better than treasonous in character, if not formally treason by the strict language of the U.S. Constitution.

As one of the world's leading economists, I have caused my staff to conduct a computer-based analysis of the near-term consequences of Volcker's measures (**Figures 1** and **2**).

FIGURE 1
U.S. economy: effects of Federal Reserve credit policy

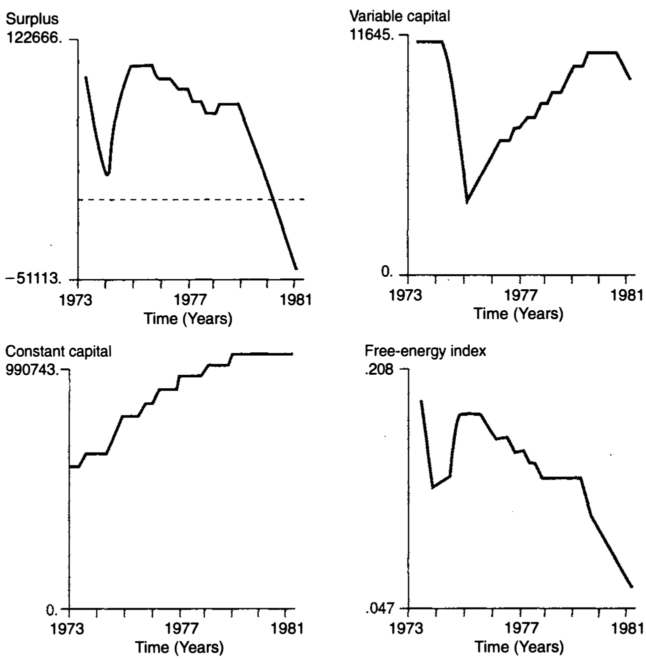
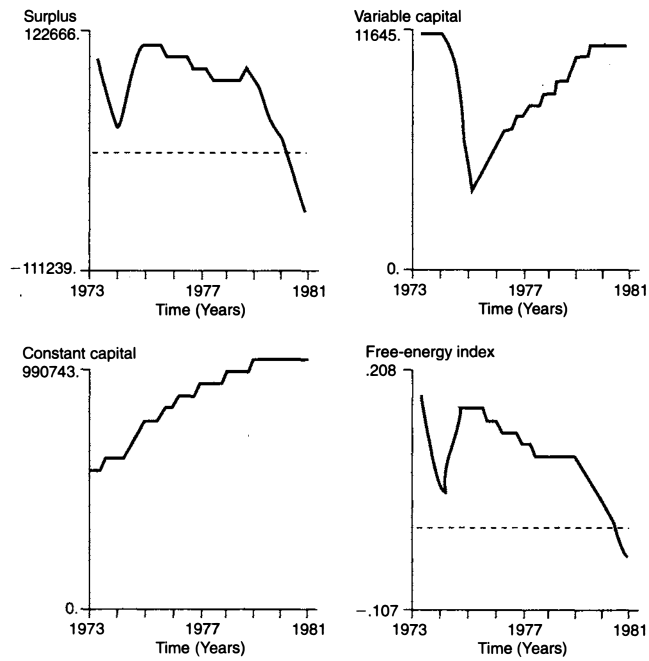


FIGURE 2
U.S. economy: effects of Federal Reserve credit policy plus $30 per barrel oil price



Surplus shows the total volume of tangible goods production available for investment the following year; variable capital is the total volume of tangible production required to employ goods-producing workforce; constant capital is the cost of maintaining productive facilities plus the cost of raw materials; free-energy index measures the economy's capacity to grow in the future (surplus divided by the sum of variable capital plus constant capital).

Those results, coinciding with the estimates of other analysts reporting independently, indicate that the measures already enacted by Volcker will cause a 15% recession in the U.S. economy, probably putting the United States into a recession twice as severe as that of 1974.

The computer-based analysis has been conducted for two cases. In the first case, the computer run assumed no increase in the average price of energy materials. The computer run showed the 15% decline in the U.S. economy over the months immediately ahead. The second case took into account the estimated 15% further increase in the price of world-market petroleum expected to occur at the end of this year. That case would bring us close to a depression. If loose money measures were used by the Carter administration beginning next Spring, because of election-year considerations, the near-depression might be postponed, but at the price of pushing present 20% inflation rates up toward triple-digit inflation rates around the close of 1980.

Furthermore, the argument that Volcker's "fiscal austerity" will hinder inflation is a hoax. Although there might be some temporary leveling off of inflation-rates during the weeks just ahead, by about January 1980, Volcker's measures would begin to send inflation-rates spiraling upward again. This new spurt of inflation would be caused by the effort to offset higher borrowing costs for operating capital plus efforts to bring total income-volumes of firms back above break-even levels under conditions of a substantially shrunken market.

There are two immediate measures which would ameliorate the present crisis. First, the U.S. gold reserves must be valued at an adjusted current world market value, a value to be negotiated with both the European Monetary System member-nations and the OPEC the "petrodollar" holders. This would stabilize the value of the dollar and take the worst pressures off dollar liquidity. Second, the Federal Reserve must immediately implement the kind of selective credit-flow controls which Senator Sarbanes proposed. This would not solve our nation's problems, but would give us breathing-room for developing a comprehensive, long-term set of monetary and investment-incentive measures.

A depression is not necessary. Any official who adopts a policy of "controlled disintegration" of the United States economy is engaged in a treasonous undermining of our nation's overall security at this juncture.

It is time to cease playing political theater with the election campaign. It is time for the citizens to cease treating politics as a matter of attaching oneself to popular political actors in an electoral beauty-pageant, and to pay attention to the fundamental interests of our nation, especially to those vital interests which determine the condition of individual life and the kind of world and nation we work to leave to our posterity. It is time to force the impeachment of treasous forces such as Paul Volcker.

3. Keep the local banks functioning

This statement was issued by LaRouche on March 18, 1987 and was published in The LaRouche Record: Selection of the Candidate's Policy Statements 1986-87, *by the LaRouche Democratic Campaign. The statement was issued during a period of widespread collapse of the oil-belt banking system.*

The Federal government must take new forms of action now, to deal with the rapidly accelerating rate of banking failures.

First, the government must proceed on the basis of the fact, that most of the banking failures are the fault of neither the banks nor their borrowers. This tidal wave of failures is the result of a general, international financial crisis, combined with a deepening economic depression, which threatens to bring down almost the entirety of the banking system and other classes of financial institutions.

Second, the wave of collapse of local banking institutions must be seen as adjunct to liquidation of farms and plant shutdowns. The loss of a large number of these institutions, during the present economic depression, would represent a major loss of essential structure of the U.S. economy, a loss of structure which could make an economic recovery very difficult to mobilize.

Third, under conditions of economic recovery, many of these banks, farms, and industries would be viable economic entities. Since it must be our intent, to make those changes in policy which bring about such an economic recovery, it should also be our policy to save those banks, farms, and industries which would resume economic viability under recovery conditions.

Therefore, our policy should be, to prevent precipitous collapse of banking institutions, and to take measures to maintain operations of those banks which would become viable under recovery conditions.

Emergency action

It should be determined, whether it were better to take the appropriate action under the President's emergency powers, or whether an emergency, clean bill must be enacted by Congress for this purpose. Were the latter deemed feasible, it were to be preferred, for rather obvious reasons.

An emergency action under law must provide for: the orderly and efficient determination of which imperilled banking institutions could be successfully reorganized under conditions of economic recovery, and emergency measures of reorganization to provide for the continued operation of banking institutions falling into the latter category.

The following considerations should be included.

1. Congress should resolve that a condition of threatened international financial crisis and economic depression exists, and that the government is resolved to effect such changes in current monetary, fiscal, and economic policies as may be needed to begin an immediate and durable economic recovery.

2. The general approach to financial reorganization should be to classify non-performing assets as ceasing to accrue debt-service charges according to law.

3. Non-performing loans which might become performing assets, in respect to unpaid principal, under conditions of economic recovery, should be considered as potentially performing loans, and that amount of value of unpaid principal should be classed as a frozen asset. If the bank is solvent on this basis, then the bank should be kept in operation.

4. If there is no prospect for successful reorganization under conditions of economic recovery, and if greater damage to depositors would result from continuing operations than otherwise, the best mode of liquidation should be adopted.

Non-performing debts

The same approach should be adopted, on principle, for the case of foreign non-performing debts. Banks holding loans which are non-performing, should carry balances without accruing debt-service charges, unless the bank should elect to write off the entirety or a portion of this unpaid balance, carrying only some residue as a balance.

In the case of currently non-performing debts of foreign governments, except in the case of the so-called "least-developed nations," it should be assumed that a successful reorganization of payment of either all or a substantial portion of the principal amount of the unpaid balance will occur. In the latter case, the amount of unpaid principal shall be carried as not accruing debt-service earnings, subject to negotiated reduction of this principal.

The greatest danger at the present time, would be a refusal to recognize that the threat to our banking system is part of a combined economic depression and an international financial crisis with many analogies to that of 1929-1932. If we pretend that there is no economic depression and no spiralling financial crisis, and if we continue to employ policies attuned to assumed normal business conditions, we invite an unnecessary, deep catastrophe. If we recognize that such crises are deepening, and also resolve to launch an economic recovery, the correct treatment of temporarily embarrassed banking institutions follows more or less as a matter of applied common sense.

4. Forecast: financial crisis of October 1987

This statement was issued by LaRouche on May 27, 1987, and was published in EIR *on June 5, 1987. The financial blowout forecast by LaRouche began on Oct. 6, when the New York stock market's Dow-Jones index (or, as LaRouche called it, "the Davey-Jones Index") dropped by more than 91 points. The crisis culminated in Wall Street's more than 500-point crash on "Black Monday," Oct. 19. Some $1.5-2 trillion worth of equity in U.S. markets was wiped out from Aug. 25 to Oct. 19, 1997.*

Leading European financial officials have warned my associates, that we should expect to see the beginning of the world's biggest financial crash by October of this year. My comment on that forecast: It might not occur in just that way, but, if the Reagan administration continues its present policies, it is certain that the world's economic situation will become much worse than it is today over the summer months.

I don't welcome this worsening of the situation. It will cause enormous suffering, for one thing. Also, in the defendant's motion which the Soviet government submitted to a Paris court last Friday, Moscow makes implicitly clear that it will react with efforts to assassinate me as soon as possible, for fear that such a crash might bring me at least close to gaining the 1988 Democratic presidential nomination.

Nonetheless, in history, usually, only the eruption of terrible events brings governments and peoples to their senses. It is when the bombs drop on London or Pearl Harbor—or, something like that—that the English-speaking peoples seem to come out of foolish dreaming, and awaken to reality. It is probable that only a growing sense of the reality of the AIDS menace, combined with a financial disaster, combined with awakening to the reality of the Soviet threat, will get the majority of U.S. citizens out of their present wishful stupor before their TV sets.

Whether the great financial crash of 1987 erupts by October, or later, will depend upon what leading governments do at the international monetary "summit" held in Venice on June 12. Those bankers who are expecting a crash by October, make that forecast on the basis of assuming that the U.S. government's role at Venice will be a continuation of the foolish international monetary policy which the Reagan administration has followed over the past five years. In that case, a crash in October would not be absolutely certain, but it would be, at least, a very good guess.

This forecast is based on the observation, that even now, President Reagan is clinging stubbornly to belief in a "Reagan economic recovery" which never actually occurred. The President believes in that non-existent "recovery" for ideological reasons; he wishes, desperately, to believe that his economic policies have been successful ones. As long as the official line of the administration is to stick to the "successful economic policies" of the past five years, the Reagan administration is likely to stick to those policies. This would turn the Venice "summit" into a disaster, destroying the last bit of confidence in the U.S. dollar in international financial markets. Under those conditions, an October crash would be very probable.

Follies in international monetary policy

Take, for example, one of the most recent developments on the international financial markets. The way in which a small loan was granted to Egypt by the international bankers' club called the "Club of Paris."

Egypt was blackmailed into signing what is called an "IMF letter of intent." Egypt was told, all credit would be cut off, unless it signed that letter. The letter required the consent of the Egyptian government to devalaing its currency, and shutting off the highly successful land-reclamation projects which are the only hope for a basic solution to the problems of Egypt's economy. Reluctantly, Egypt signed, and was then promptly given new lines of credit. Egypt received, however, much less than it lost by devaluing its currency, the pound.

This has been the pattern of U.S. support for IMF "conditionalities" policy. The key margin of increase of the U.S. trade-deficit, has been the collapse of U.S. exports to, and increasing imports from, developing nations which have submitted to the terms of such "conditionalities." The "conditionalities" have, in each case, turned a poor debt-repayment possibility by these countries, into an impossible one, in each case.

This affects the internal economy of the U.S. directly. Take for example, the Reagan administration's reaction to the drop in OPEC petroleum prices.

Continued production of U.S. petroleum requires a price of about $24 a barrel. Without that U.S. petroleum production, we are dependent upon increasingly uncertain flows of cheaper oil from the Persian Gulf's war-zone. Instead of putting a price-triggered import charge on imported petroleum, to defend domestic petroleum production, the U.S. government decided to go with dependency on cheaper Persian Gulf oil. This, combined with the U.S. Agriculture Department's policy of collapsing U.S. agriculture, was the cause of the financial crisis among the regional banks of Texas, Oklahoma, Louisiana, Wyoming, Montana, and so forth.

Our government's follies in international monetary policy usually come home to cause suffering inside the United States.

A "zero-economic-growth mafia" inside the IMF and World Bank bureaucracies, acting with U.S. government support, has been collapsing the internal economies and world trade of both developing and Western industrialized nations, while piling up the financial obligations of both developing and industrialized nations. We have been increasing nations' obligations to pay debt, while destroying their means for paying that debt.

Inside the U.S. itself, one of the mechanisms which has been used to prop up apparent consumer purchases, has been a process of increasing average consumer debt, while average consumer income fell. This has been the leading basis for President Reagan's wishful belief in an economic recovery—consumers going deeper into debt to maintain ordinary levels of consumer spending, while average, after-inflation levels of household income have been falling. Now, the growth of consumer debt has reached approximately a saturation-level.

Meanwhile, the prices on the world's stock exchanges have zoomed into the financial stratosphere. Present stock prices are way, way above anything justified by the price-earnings ratio. The bond markets have been sliding down for weeks. About 1,500 U.S. banks are in bad trouble, and more than 200 in immediately serious trouble. Any significant rise in interest-rates could sink as much as half of the savings institutions, and could blow out the banking system generally. If this inflated financial structure collapses significantly in any one sector, all sectors could blow. Any collapse would reveal quickly, that most of the values of financial paper depend upon mere "hot air," such as so-called "junk bonds" or similarly dubious book-keeping accounts.

When the system blows, more than half of the more than $13 trillion of hard-core debt-obligations could blow, more than half of this inside the United States.

The problem is approximately twenty years of bad monetary and economic policies by all Western industrialized nations excepting Japan. (We sometimes complain that Japan is being "unfair," because it refuses to be as stupid as the governments of other industrialized nations.)

Now, during recent weeks, many of the world's leading bankers have awakened to the seriousness of the situation. Except for the governments of Japan and of France's Prime Minister Jacques Chirac, the governments, and political party leaderships of the other Western industrialized nations are still as much in dreamland on the economic situation as they are on the subject of the AIDS pandemic.

Technically, on any day that the U.S. government came to its senses, this crisis could be brought under control. The crash of 1987 is not inevitable. However, unless the governments come to their senses, it is inevitable. During the Venice monetary "summit," and during the weeks following that, we shall see whether the crash occurs as leading European bankers now suspect it will.

5. Federal Reserve Nationalization Act

LaRouche's Presidential campaign organization announced, on Feb. 25, 1992, the release of a draft Federal Reserve Nationalization Act of 1992 (excerpted here), which would nationalize the Federal Reserve System to create a new National Bank of the United States. The legislation is based on the proposal by LaRouche, to return the United States to the method of central banking originally envisioned by Alexander Hamilton, the nation's first Treasury secretary, and mandated in Article I of the U.S. Constitution.

The current Federal Reserve System's method of monetary creation via Federal Funds "open-market operations" is "unconstitutional," LaRouche stated, because it leaves "the power to create fiat credit in the hands of a powerful cartel of private bankers led by Citibank and Chase Manhattan Bank, "who dominate the Federal Funds markets." This system encourages the majority of funds to flow to speculative, nonproductive activities such as junk bonds, leveraged buyouts, and other inflationary activities.

Further information on the proposed Federal Reserve Nationalization Act can be found in The LaRouche Program to Save the Nation, *available from the Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee.*

Amendments to the Federal Reserve Act

The Federal Reserve Nationalization Act of 1992 completely revamps the Federal Reserve Act of 1913, which creted the Federal Reserve System, to create a National Bank under the Department of the Treasury. This is done through a series of amendments which:

1. Forbid the creation of new fiat credit through the Federal Reserve's current mechanism of *open market operations,* known as creation of "money supply";

2. Create instead large amounts of credit through the new National Bank's *discount window,* providing that all loans presented for discounting by private banks to the National Bank are earmarked for new real physical capital investment, production, or transport of tangible wealth; and

3. Re-regulate *reserve requirements* on deposits of private banks and use them to ensure banks maintain an adequate proportion of lending for purposes of real physical production.

1. Curtailing open market operations

The core of the problem with the Federal Reserve is to be found in the way in which it creates money. The Fed now adds new money supply to the banking system each week, by printing fresh Federal Reserve notes, the familiar dollar bills, for the purpose of *buying a certain portion of the U.S. Treasury debt* (Treasury bonds or bills), that portion of government debt which would not otherwise be purchased by money already in circulation in the banking system. This is known as "monetizing the government debt," printing fiat money to finance the U.S. budget deficit. It is thus axiomatic that since the nation's deficit has ballooned to the $200 billion annual mark during the 1980s, that the inflationary effects of Federal Reserve open-market operations have taken off.

Worse than the question of "how much fiat money?" is the question "whose"? In practice, the Federal Reserve does not purchase Treasury debt directly from the Treasury, but from the two dozen leading Wall Street government debt houses, such as Salomon Brothers and Goldman Sachs, which have bought up the debt from the Treasury Department in anticipation. . . .

The Federal Reserve Nationalization Act of 1992 therefore limits the new National Bank's open-market operations. . . . This means Article I of the Constitution, which arrogates to the U.S. government a monopoly in emitting legal tender, will be re-implemented, for new Federal Reserve notes will no longer be issued as the currency of the United States. Rather, they will be gradually withdrawn from circulation and replaced by U.S. Treasury bills. . . .

2. Expand productive credit via discount window

The Act then proposes that new, long-term, low-interest credit in the amount of approximately $1 trillion per annum be issued by the U.S. Treasury via the new National Bank to the U.S. physical economy by an entirely new mechanism. The National Bank is to open wide its *discount window* for general lending of *directed credit* to the productive, infrastructure, and related sectors of the physical economy. The bank may in fact create such credit indefinitely without fear of inflation, as long as it serves to create new productive wealth. . . .

3. Protective reserve requirements

To protect the safety of the banking system, and prevent banks from re-depositing for re-lending, for *non*productive purposes, large amounts of the new cheap discount credit, the act reregulates *reserve requirements* for private banks. . . .

From the Federal Reserve Nationalization Act of 1992

Sec. 1 Sec. 1 of the Federal Reserve Act of 1913 is hereby amended to read: "Under Article I of the Constitution pertaining to the monopoly of the U.S. government in emitting legal tender, the Federal Reserve System is hereby nationalized and placed under the jurisdiction of the Department of the Treasury of the United States. Its name is hereby changed to the 'National Bank of the United States.' Regional headquarters of the Federal Reserve System shall henceforth be known as the appropriate regional branches of the National Bank of the United States. . . .

"Offices and personnel of the former Federal Reserve System shall continue normal functions at the new National Bank except for the amendments set forth below. . . .

"Private-sector member banks' of the former Federal Reserve System shall henceforth be known simply as U.S.-chartered banks. . . .

Sec. 2 Section 1 of the Federal Reserve Act is hereby amended to read: "The Federal Reserve shall immediately cease issuance of Federal Reserve notes as legal tender. As of the passage of this Act, the successor National Bank of the United States shall commence issuance of all new legal tender obligations of the United States in the form of U.S. Treasury bills, to be deposited with the National Bank by the Treasury Department. . . .

"Previously issued Federal Reserve notes may continue to be circulated as currency until such time as the Department of the Treasury shall formulate a currency reform plan for their orderly withdrawal, said plan to be promulgated no later than one year from the passage of this Act. . . ."

Sec. 3 Section 14 of the Federal Reserve Act of 1913 is hereby amended to include the following: "The power of the National Bank of the U.S. to purchase or sell bills, notes, and bonds of the United States shall be limited to these functions:

"a) The anticipation of tax revenues accruing not more than one year from the date of purchase of said bills, notes, and bonds, in order to help maintain an orderly flow of disbursements by the United States Treasury;

"b) To maintain an orderly market in the bills, notes, and bonds of the United States, and to meet the temporary liquidity needs of regional branches of the National Bank system and commercial banks in their districts;

"c) The purchase of such liabilities of the United States as may be presented by foreign governments for sale to the National Bank by said governments;

"The Federal government, however, may not create money supply by monetizing United States government debt. To ensure this, the total holdings by the National Bank of bills, notes, and bonds of the United States shall be set as an annual ceiling as of the enactment of this Act. Said holdings may vary in size in the course of each year, but may not increase in size at the end of the year, following enactment of this act and at annual intervals thereafter, except as a result of purchases of official liabilities of the United States from foreign governments."

Sec. 4 Section 14 of the Federal Reserve Act of 1913 is hereby amended to read: "Any regional branch of the National Bank may receive from any bank, and from the United States, deposits of current funds in lawful money, National Bank notes, Treasury bills or notes, or checks and drafts upon solvent U.S.-charted banks, payable upon presentation; or, solely for exchange purposes, may receive from other regional branches of the National Bank, deposits of current funds in lawful money; or checks and drafts upon solvent private banks or other branches of the National Bank, payable upon presentation. . . .

"Upon the endorsement of any U.S.-chartered bank, any branch of the National Bank may discount up to 50% of the face value of notes, drafts, and bills of exchange arising from the production of tangible wealth or capital improvements. . . . This shall be defined as the purchase of raw and intermediate materials and capital goods, construction of facilities, or employment of labor to produce or transport manufactured goods, agricultural commodities, and construction materials; to work mines; to build manufacturing, transportation, and mining facilities or dwellings; to produce and deliver energy in all forms; and to provide public utilities for communications.

"Such definition shall not include notes, drafts, bills, or loans issued or drawn for the purpose of conducting business except in the areas so defined, or for carrying on or trading in stocks, bonds, or other investment securities.

"Any National Bank branch may discount the full value of acceptances which are based on the exportation of goods, or 50% of the value of acceptances which are based on the importation of goods, provided that such goods conform to the restrictions set forth in the preceding paragraphs.

"All National Bank branches shall meet all such requests for discount of or participation in notes, drafts, bills, and loans made by U.S.-chartered banks, once the National Bank has determined that the purpose of such credit conforms to the restrictions set forth above. There shall be no restrictions applied to such discounts in furtherance of tangible wealth creation on the basis of private banks' capital positions. . . .

Sec. 5 Section 19 of the Federal Reserve Act of 1913 is hereby amended to include the following: "The above reserve requirements shall apply in the case that private banks maintain 60% of their total assets in the form of loans, bills, drafts, and advances to tangible weath-creating borrowers, of a type eligible for discount under Sec. 4 of this Act. For every 1 percent by which the bank's proportion of tangible wealth-creating assets falls below 60% of total assets, the National Bank shall require that banks place an additional 1 percent of demand deposits in reserve with the National Bank system. To permit orderly transition to this reserve rule, however, the formula shall apply only to new assets appearing on the balance sheets of banks after the date of enactment of this Act."

6. A universal derivatives tax

LaRouche issued this intelligence memorandum on March 9, 1993, dictated by telephone from his federal prison cell. "Derivatives" are financial instruments in which actual stocks or bonds are not exchanged, but only agreements by two parties to make payments on a future date at a price related to the performance of a commodity or currency. There are three basic types of derivatives: futures contracts, swaps, and options.

It is my proposal that some form of nominal but otherwise significant, universal tax be placed on individual derivative transactions, not only in the U.S., but abroad. The included purpose of this taxation is not merely to derive a new source of revenue, much needed tax revenue from a source whose taxation will be harmless to the real, that is, physical economy, but also to bring into the light of day, under penalties of law for non-payment of this tax, the magnitude and structure of a derivative bubble as a whole.

The John Law bubble gone mad

My additional comment qualifying this proposal, is that it is clear that the derivatives bubble, by the very nature of these transactions, is a financial bubble, in the tradition of the more primitive, more rudimentary, and far less dangerous bubbles of the Eighteenth Century, such as the John Law bubble in France and the South Sea Island bubble in England, at the same period of time.

This is the John Law bubble gone mad! The vulnerability to the entire financial system, the chaos and destruction of actual physical processes of production, distribution, employment, and so forth, is of incalculable potential, and therefore this thing must be brought under control promptly; otherwise all fine plans of stabilization of financial markets and economies go out the window, as empty pipe dreams.

We must bring this under control, and the best way to do it, I believe, is to impose a universal tax on each individual transaction, as a percent of the nominal value of the matters which are traded in these credit, interest, and etc. swaps, and other similar derivatives. That is the only way that we'll bring the magnitude of this and the structure of this into the light of day, and force some rationality into the situation, and thus prepare ourselves to be able to take competent moves in order to bring the market as a whole under control.

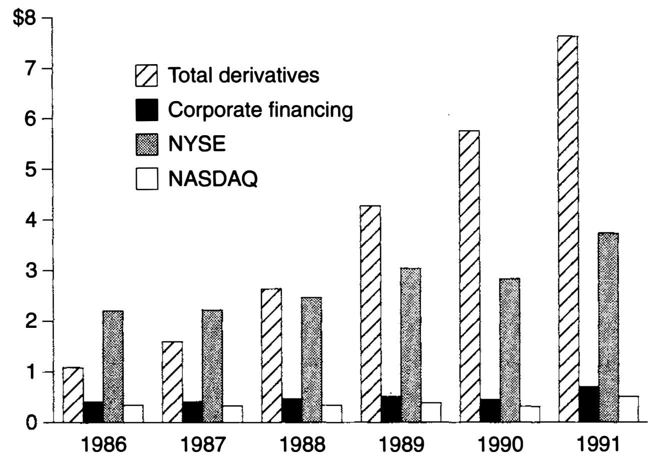
The down side would be argued from certain sources, apart from the wild free market monetarist maniacs, will be that the number of related transactions, related to any single initiating trade, can be enormous, can be over a hundred individual transactions, can be tied to one actual trade, additional trade.

Fine! Tax them all! That's a big amount of paper, they will say. Fine! Tax them all! The burden of doing the paperwork will itself prevent you characters from ballooning this market in that way. If it costs you too much, in administrative work and effort, to account for a hundred transactions linked to one, then that itself will deter you from building up 50 to 100 or other significant amounts of transactions per initial transaction, and that in itself will be a good deterrent against the growth of the speculative bubble.

FIGURE 1

Derivatives compared to U.S. corporate financing and stock market capitalizations

(trillions $)



Sources: Bank for International Settlements; Securities Industries Association.

Financial blowout looms

Finally, in restatement, in summary: Unless we bring this derivatives market under control and begin to shut it down, at least to a significant degree, promptly, we're going to have the biggest blowout, financial blowout in history—bigger than the John Law-type bubbles of the early Eighteenth Century. And we'd better find out what we're doing, fast. We'd better bring it under control fast, and if we need to tax something, let's tax, say, one tenth of one percent of the nominal value, or 10% of the actual amounts, something like that. One of those two. But I think that a tax based on the nominal value would perhaps be a better tax, because of the differentials between those nations or banking systems which allow minting out and those which do not.

7. LaRouche's 'Ninth Economic Forecast'

Excerpts from an article by LaRouche published in EIR, *June 24, 1994, titled "The Coming Disintegration of Financial Markets." It was also issued as a mass-circulation* New Federalist *pamphlet, under the headline, "LaRouche's Ninth Forecast."*

It comes as no surprise that the name of the Bank of England's Eddie George is added to the list of which it must be said that "whom the gods would destroy, they first make mad." During the course of the current London meeting of the International Monetary Conference, Eddie joined the ranks of those greed-maddened public fools of finance who insist that the danger from the now metastatically cancerous financial bubble in derivatives speculation is being exaggerated by some critics.

It is a matter of some urgency that responsible governments subject all incumbent and prospective economics and central banking officials to the sanity test which Eddie George would have flunked gloriously. . . .

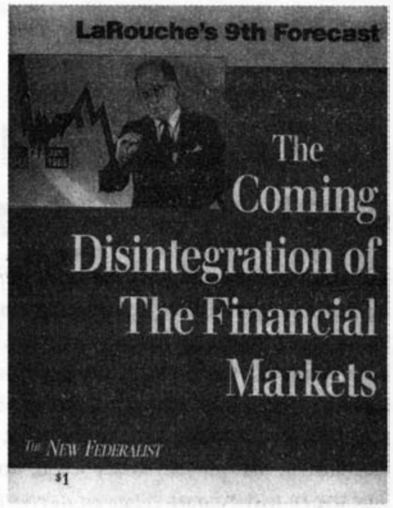
I say to you now, as I informed various relevant scientific institutions of Russia during the last week of this April past: *The presently existing global financial and monetary system will disintegrate during the near term. The collapse might occur this spring, or summer, or next autumn; it could come next year; it will almost certainly occur during President William Clinton's first term in office; it will occur soon. That collapse into disintegration is inevitable, because it could not be stopped now by anything but the politically improbable decision by leading governments to put the relevant financial and monetary institutions into bankruptcy reorganization.* That is LaRouche forecast No. 9—the addition to the list of eight, above. . . .

What is a 'cancerous bubble'?

The present global financial and monetary bubble goes one fatal step beyond a mere ballooning of fictitious capital gains. It has a dimension which marks it as fatally cancerous for the financial and monetary systems which it infests.

Asset-stripping is the key to this point.

Let us use the term "leverage" to identify the implied multiplier which converts an imputable annual rate of income-stream into a corresponding magnitude of nominal fictitious capital. In the case of the slumlord, looting the tenants to increase the income-stream from rental income is a way of increasing the imputable income-stream, and thus the fictitious capitalization of the property-title. The valuation of the secondary and tertiary fictitious capitalizations spun off from the imputable marginal gains in fictitious capitals are themselves so based upon leverage against the primary, real income-stream.



The valuation of the interconnected whole market in fictitious capital gains depends thus upon both the relative and corresponding absolute magnitudes of the primary income-streams taken as a whole. This fact is illustrated dramatically by the case of the asset-stripping needed to sustain the massive creation of fictitious capital in the RJR Nabisco operations. Without massive asset-stripping against the economy as a whole, the speculative bubble as a whole would have collapsed approximately a decade ago.

This is complicated by the fact that without an increase in the flow of fictitious capital gains at the top of the bubble, the bubble as a whole would collapse. For, without a continuing growth of the magnitude of fictitious capital gains, the bubble as a whole would collapse under pressures of reversed leverage.

"Collapse" would be a most misleading sort of euphemism in that case. "Reversed leverage" in such a bubble is best approximated mathematically by the same Kolmogorov equations used to describe a chemical, fission, or thermonuclear explosion, or a firestorm like that which the British war-time Royal Air Force created at Hamburg and Dresden: in mathematical-physical terms, a "shock front," and a very hard one at that. In effect, one evening the financial markets appear normal, stable; by the end of the next day, or something approximating that, everything is rubble; the financial and monetary system built up since August 1971 has disintegrated, as it were, in a single day's trading.

As in the case of a heroin or methadone addict, the habit of looting the real-economic basis must be fed to prevent a collapse. Feeding the habit prevents the immediate collapse by hastening the date of total collapse. The addicted state is destroying the basis upon which it feeds to sustain itself. As is illustrated by the tragic fate of the enterprises gobbled up in the RJR Nabisco caper, this is the fate of the world's economy under the rule of the cancerous financial bubble marked by derivatives speculation. . . .

8. A typical collapse function

Excerpts from a speech by LaRouche to a conference of the International Caucus of Labor Committees and Schiller Institute, in Eltville, Germany, Dec. 2, 1995. The full text was published in EIR, *Jan. 1, 1996.*

. . .[**Figure 1**] is a summary of three curves which are characteristic of the process of monetary and financial disintegration of the world economy. . . .

The bottom of the three lines represents the decline in productivity, in physical terms: that is, physical product. It also includes things which are essential, as services, to physical productivity. . . .

Now the second of the three curves, although the per-capita output, physical output, and consumption around the world have declined over the period of the past 25 years, *especially* the past 25 years, there has been an *increase* in per-capita monetary turnover, monetary emission. The money supply has been growing while the physical output and consumption per capita in all the categories—production, infrastructure, and households—have been declining.

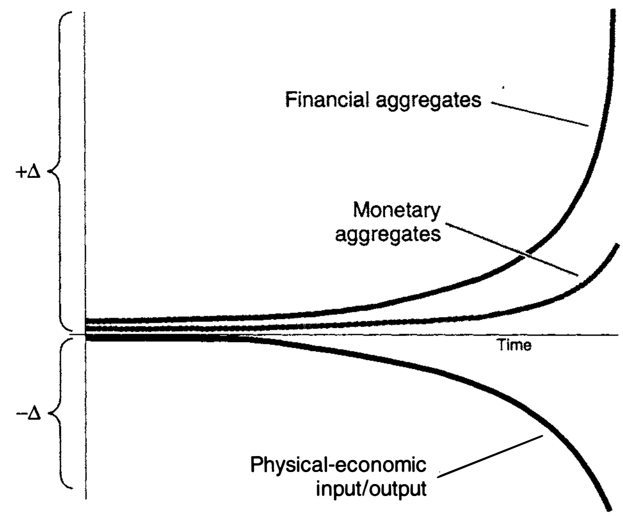
At the same time, a new process has entered in, which is the growth of financial turnover relative to monetary turnover. That is, central banks and similar institutions emit money which is put into circulation through lending in the form of loans emitted by banks cooperating with central banks. Central banks incur an implicit or actual debt obligation, as a result of the emission of that money under present terms. That's the largest part of the debt that governments incur, especially the government of the United States.

The debt is incurred *not* by government spending. The deficit growth is largely incurred as a result of a collapse in the tax revenue base, as a result of a collapse in the economy, and also an increase of debt to cause money to grow, to cause the money supply to grow faster than production. . . .

But, the worst part is the financial one. . . . If we include the best estimates on the off-balance-sheet portion of financial turnover, the financial turnover of this planet per day, now, is probably around *$3 trillion a day*. We're getting toward $600-700 trillion a year now, in terms of financial turnover. If we were to continue this system for another year or so, on the present trend, we would be going to about *$1 quadrillion value of financial turnover per year.*

Now, financial turnover also incurs financial obligations, which translates into various forms of indebtedness. However, in order to pay debt, you must pay it, ultimately, out of

FIGURE 1
A typical collapse function



physical production. You must resolve the debt, finally, in physical production. Both the monetary debt or the debt related to monetary circulation, and the debt related to financial circulation.

Now, what you're seeing here, in the peculiar shape of this curve, and in the ratio of the financial curve to the monetary curve, are accurate representations of what the process looks like. Here, in the relationship between curves for monetary and for physical output, you get a tendency, in the past three years, toward a hyperbolic rate of growth of monetary emission to physical output. You get a more pronounced hyperbolic growth of financial obligations from the relationship between financial turnover and that of monetary aggregates.

That is, you pay financial debt in money terms. There's a ratio of financial obligations being generated to money being generated. You settle monetary debt in real terms, as by taxation of firms and persons and so forth. Therefore, the rate at which wealth is being generated, in respect to the rate at which money is generated, is another crucial value. The two values which are crucial: financial debt to the monetary debt, these two ratios here depicted, are the crux of the crisis. . . . We are entering a *discontinuity.*

The very fact that these ratios are changing the way they are, individually, and with respect to one another, indicates that the whole system has now reached the edge of the cliff. It is going to *end*. That does not mean that it's going to fall off the cliff. It *could* fall off the cliff, if we don't do the right thing.

So, the question is, will society continue past the death of the International Monetary Fund? Because the IMF is finished. It is dead. It cannot be saved. It is the *Titanic*, the "unsinkable *Titanic*." . . .

The Physical Economy

9. Free trade vs. the American System

The issue of protectionism vs. the British free-trade system is sharply posed in this excerpt from LaRouche's book Basic Economics for Conservative Democrats *(New York: Citizens For LaRouche, 1980).*

Britain versus America

Britain was the avowed military adversary of the United States from 1775 through 1863, and remains the principal adversary in fact of United States' vital interests to the present date. The nature of that continuing, de facto adversary relationship between the United States and Britain is exposed quite efficiently by focusing on the essential points of difference between the American and British systems of political economy.

[Mathew] Carey and others described the British System as a mixed feudal-capitalist economy, with the feudal-minded aristocracy the governing element in that mixture. One might rightly quibble with Carey's use of the term "feudal" according to the mythology popularized by Sir Walter Scott. What Carey clearly meant to communicate by that formulation is indisputable in fact.

The key to the "feudal" character of the British System is the British doctrine of "free trade."

In the American System, as with the Tudors and with Colbert, it is our policy to provide regulation and protection to ensure fair profits and fair wages for those capitalists and wage-earners whose labor is contributing to national prosperity and productivity—to the realization of the development of greater productive powers for labor. A recent *New York Times* issue contained a useful observation—itself a most unusual bit of behavior by the *New York Times.* In an otherwise monstrously wrong-headed statement of editorial policy, the *Times* referred to Japan's practice of allowing "sunset" industries to die while protecting and fostering "sunrise" industries; to let old, unproductive forms of enterprise wink out of existence while fostering new, higher-technology developments contributing to a more prosperous and productive nation for tomorrow. Ensuring fair profits for "sunrise" industries is the essence of the protectionism built into the American System. Ensuring fair wages, so that the potential productivity of our labor-force might be constantly enhanced through aid of rising living standards, is also a vital policy of the American System.

The meaning of the "free trade" issue was made clear enough in our national political experience leading into the Civil War. The most vociferous defenders of "free trade" were the proslavery forces and those Anglo-Americans reaping large profits from the trade in slave-produced cotton. Similarly, Frederick Engels's corrupting influence on Karl Marx, "brainwashing" Marx into writing a vile, fraudulent denunciation of Friedrich List, and "brainwashing" Marx into admiring British System economists such as Petty, Smith, and Ricardo, is by no means unrelated to Engels's generous income—while his "friend," the brainwashed Marx, was starving—from the cotton trade, at the expense of American black slaves and the American economy as well.

The Southern slave-owning class of pre-Civil War times, estimated to be about 250,000 individual members of slave-owning families at the outbreak of war, was a monstrously evil, oligarchical social class, tied in every imaginable way—in lack of morals, in philosophy, and so on—to the pederasty-reeking British aristocracy. That slave-owning class was an "asset" of British foreign policy, just as the Confederacy itself was nothing but a London-controlled puppet of the British aristocracy and City of London financial interests.

The rise of that treasonous, oligarchical class in the United States should be advantageously studied from the vantage-point of the corruption of Thomas Jefferson.

Jefferson is defined by his own correspondence as a close collaborator of Shaftesbury and of the key executive of the British Secret Intelligence Service of that time, Lord Shelburne's protégé Jeremy Bentham. This was the side of Jefferson which led him to connive at spreading the British subversive operation, known as the "Jacobin clubs," and to verge near to outright treason in connection with insurrections against the United States.

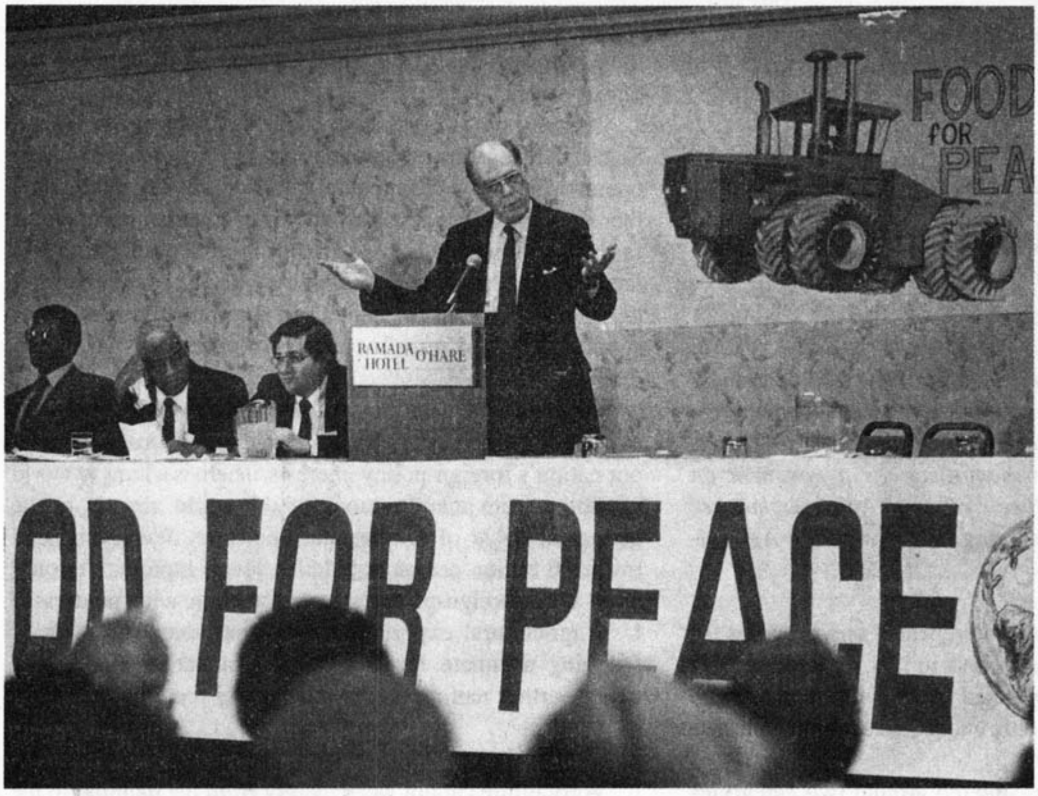
Jefferson is often mistakenly defined as on the side of the antislavery forces. In fact, Jefferson argued strenuously that black Americans were a subhuman species; his affection toward black Americans was akin to the variety one shows toward the humane treatment of cattle. His association with the traitor Aaron Burr and the strong influence of British agent Albert Gallatin on his anti-American System policies and destruction of U.S. military capabilities are indicative.

The practice of slavery transformed Southern planters into a corrupt, treasonous oligarchical class, which was increasingly determined to transform the United States into a backward semi-colony of Britain, if not an outright colony.

The development of the cotton gin promoted this, as is well known even in otherwise dishonest or incompetent texts on American history.

The thrust was to make the United States a deindustrialized exporter of raw materials and plantation agricultural products, and to be a dumping ground for subsidized masses of cheap British manufactures.

American consciousness of this is elaborated by Mathew Carey in an 1819 attack on "free trade" as the direct cause for



LaRouche addresses a Food for Peace meeting in Chicago, Illinois, Dec. 10, 1988. A dirigistic government policy, including guaranteeing farmers a parity price for their goods, is the prerequisite for the recovery of our bankrupt agricultural sector, which is needed to feed a hungry world. This was well understood by the leading economists of the American System, contrary to what you read in the history books today.

the preceding depression of the United States' economy.[1]

The trick was to use competition to drive the prices of manufactures so low that American industries collapsed below breakeven points, or, at least offered such low rates of return on investment that there would be a corresponding deterrence of flow of credit and savings into such enterprises. We Americans fought this, demanding tariff protection for our "sunrise" industries, not to gouge ourselves with higher prices for goods, but to maintain price levels at which the economy and employment would increase—and the total level of real, per capita consumption (real wages) would also grow.

The treasonous gang of slave-owners did not wish to foster the growth of an industrial-capitalist power in the United States; they proposed "free trade" not only for the apparent advantage of being a dumping ground for the cheap manufactures of British "economic warfare" policies. Their motivation was not merely greed, but was wittingly treasonous. They sought to weaken the United States to the advantage of Britain.

True, a lot of people today are hoodwinked into supporting Senator Kennedy's and the Heritage Foundation's treasonous "free competition" and "deregulation" nonsense, swallowing out of ignorance and thoughtlessness the specious argument that such competitive reductions in prices must mean cheaper goods and so forth. The fact that misguided people are hoodwinked into paying higher prices for used-car "lemons" does not make those rolling wrecks a "good buy." Opinion does not define truth; rather, the person whose opinion is not defined by truth becomes unfit to judge his own affairs.

Cheaper goods are properly the outcome of rises in productivity of labor. This productivity arises ultimately from basic scientific advances and the spectrum of improved technologies to which such scientific progress leads. This potential is realized by compulsory public and higher education, and by those improvements in leisure and general conditions of household and community life which impart the capability of assimilating advances in culture of a people. The combined potential so represented is realized by employing such a developing labor-force in productive occupations, which involve technological improvements incorporated into plant, equipment, machinery, and so forth—with capital formation.

The higher the rate of capital formation, the more rapid the advances in technology and productivity. Hence, the more rapidly goods are made cheaper in terms of the average social effort required to produce them. So, profits and wages rise simultaneously. That is the way we cheapen the cost of living, improve wages, bring more and better goods into the range of an average week's wage.

1. Mathew Carey, Addresses of the Philadelphia Society for the Promotion of National Industry, 1819, in Allen Salisbury, *The Civil War and The American System*, pp. 375-442.

10. New calculation of farm parity needed

The statement by LaRouche excerpted here, dated June 6, 1980 and titled "The Necessity for a New Calculation of Agricultural 'Parity,'" was submitted to the Subcommittee on Family Farms, Rural Development, and Special Studies, of the U.S. House of Representatives, as a comment on the General Accounting Office's report, "An Assessment of Parity as a Tool for Formulating and Evaluating Agricultural Policy."

During recent months, I have had repeated opportunities for in-depth review of the present crisis in U.S. agriculture with representatives of owner-operated farms—the farmers who are the backbone of our nation's unequaled accomplishments in agricultural productivity.

These discussions have centered around two categories of problems. The first category is the problem of winning the nonfarmer constituencies of the nation to support of a sensible national agricultural policy.

This discussion has been aided by the fact that I, unlike Ronald Reagan, know what agricultural parity means: the costs of agricultural production plus some fair rate of gross profit to cover the living expenses of the farmer and provide margins for reinvestment of profits in productivity improvements and necessary growth of production.

Ronald Reagan certainly does not even suspect, unless he has been given a recent crash briefing on the matter, the United States presently has no truly accurate measure of proper parity prices for agricultural products. Although public and private institutions have workable, accurate estimates of the standard-cost component of parity price, the calculation of the proper rate of gross profit remains a disputed point.

What is the proper rate of gross profit for the various categories of agricultural product? This is the question which remains to be settled for purposes of policymaking. That is the problem I have committed myself to solve, using the computerized LaRouche-Riemann "model" to arrive at the proper set of values.

The long-standing political problem respecting agricultural parity prices centers around the unwarranted widespread public suspicion that parity-support programs represent some sort of welfare hand-out to farmers at taxpayers' expense. The general public, of whom about 96% are nonfarmers, has little or no perception that unless parity prices are maintained, it is they, the general public, who will suffer most, through loss of a stable supply of food for their dinner tables.

It is my duty, as a prospective President of the United States, to bridge the comprehension-gap between the owner-operator farmer and the general, food-consuming public. It is therefore my duty not merely to provide our owner-operator farmers with the kinds of parity formulas needed, but to win the 96% of the general, nonfarmer public to a comprehension of the way in which our nation can continue to ensure stable supplies of good nutrition at stable prices for the family dinner table.

I should add, that this is a problem involving not only our domestic economy, but involves a most crucial part of our nation's foreign-policy interests. There is a hungry world out there, with many nations of the world already in the genocidal cycle of famine and epidemic. We are headed toward 6 billion person population levels rapidly. Not only must U.S. foreign-policy interests reckon with matters of U.S. agricultural exports, but with the greater problem of fostering adequate levels of food production among our treaty partner nations of the developing sector. . . .

How parity ought to work

Agriculture cannot work merely from the planting to the harvesting, one year at a time. A farmer produces economically by undertaking a program of production for each part of his output, a program involving investments in land-improvements, equipment and so forth, which must be averaged out over not less than a three-to-five year period.

Therefore, to secure economic efficiency—that is, to keep parity-values as low as technology permits—farmers must commit themselves to production programs for their farms based on fair foreknowledge of the market demand in quantities and average prices for forward running periods of between three to five years, allowing for marginal year-to-year adjustments.

In other words, to bring the required parity value down to the lowest sound price, we must work to create orderly markets for agricultural products, in both domestic and foreign markets overrunning three-to-five year forward periods. Farmers can then produce according to reliable forecast demands. As long as we can buffer the excesses and shortages caused by weather and such with reasonable product inventories, the farmers can keep the food-pipelines filled to any reasonably forecast food-requirement at a stable average price for this volume of product.

Let it be clear that we are not hinting at some scheme for governmental de facto "collectivization" of the American farmer. No measure must be introduced which undercuts the independence of the owner-operator farmer. Our job is to use the tools of better forecasting and better agricultural export practices and polices to provide those independent farmers with reliable forecast volumes and prices which they will use as information to guide themselves in managing their farming. This means also retaining measures such as the Capper-Volstead Act, as means to aid farmers in collaborating among themselves to promote orderly marketing of their product—to protect themselves against being played against one another by greedy middleman organizations. We desire that the portion of the price we pay for food which properly belongs to the farmers should go to the farmers, to keep our food supplies stable and stable in price.

It is the ingenuity and investment-risk of the owner-operator farmer which will work within a combination of orderly marketing and sound parity-values to foster new technological improvements in agriculture by the best independent farmers. The benefits of competition among farmers will be fostered in that way.

Included policy-measures

Several specific measures must be taken immediately by the Federal government to relieve the current agricultural crisis—that is, if the 96% of the nonfarmer citizens are to have proper nutrition at reasonable prices for their dinner tables in 1981 and 1982.

I am committed to a policy of world-market prices for American agricultural exports, for one thing. I am against taxing our farmers in order to dump food on the world market, that being the general drift of Federal policy to date.

Less than 4% of our labor force produces the food which has fed our population and a good part of the rest of the world besides. Of this total, about 1.5% of our total labor force, working as owner-operator farmers, produces the great bulk of the total, with part-time and so-called marginal farmers filling out the total. Until the cumulative disasters of the Kissinger administrations and the Carter administration erupted over the 1970s, we could say with confidence that our farmers were the most productive in the world, producing high-quality food at the lowest social cost of any nation. . . .

Without ignoring other components of our agricultural export categories, my administration will stress three categories of product as paradigmatic for my agricultural policy as a whole. I am committed to increasing grain, beef-cattle, and dairy production, with emphasis on increased margins of export. For the medium-term, grain should be a big seller under treaty agreements secured by my administration. . . .

Perhaps it will be rumored that when President LaRouche greets foreign ambassadors in boots and overalls, the ambassador will know that the President is in a mood to sell grain, beef, and dairy products. I wouldn't actually appear in such dress for diplomatic functions, but the rumor will probably be spread nonetheless. I mean to sell a growing amount of our agricultural product to nations in search of some good eating. . . .

Otherwise, as President, I shall appoint a selection of farmers to staff the relevant positions in the Agriculture Department, with some leading agronomists worked in. . . . .

11. Oil industry needs a protective tariff

From EIR, *April 11, 1986, p. 32:*

On Jan. 29, 1986, presidential candidate Lyndon H. LaRouche, Jr. proposed an oil-import tariff to keep domestic petroleum prices at a level high enough to allow domestic production and investment to continue, for obvious national security reasons. The point of such a tariff would not be to raise revenues, but to protect our internal oil industry, which otherwise faces disaster. Even if we did not face a massive reduction of current oil production, we would feel the effect of lowered exploration within about five years, as old fields run dry. Without continued, aggressive development of new sources, the United States will be on the way out of the oil business by the early 1990s.

On April 1, the National Democratic Policy Committee announced its support for the implementation of the emergency oil tax package, as one step in a program to stop a financial blowout in 1986.

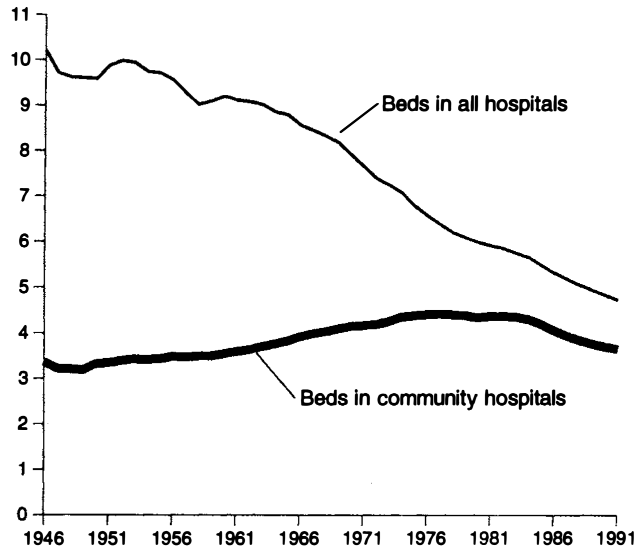
At the center of the package is an "oil parity tariff," which would establish a parity price for oil, and impose a revenue tariff on imported oil when oil was below that price. The parity concept is the same as that in farming. It sets a commodity price which takes into account the cost of maintaining current production, thus allowing the producer the equivalent of a "living wage," and society the provision of needed resources. The federal government is responsible for guaranteeing parity prices.

The current parity price is minimally $20 a barrel. But the market price is now hovering around $10 a barrel. That is why oil producers in the United States cannot cover their costs of production, and are beginning to fold up their operations. Thus, Alaska and Texas, two of the largest oil producers in the United States, depend for solvency on an oil price of over $13 to $15 a barrel. . . .

Oil production will not be the only casualty, however. As the case of Texas shows, the oil price drop way below parity will trigger a deflationary collapse in real estate, and could pull the entire rotten banking system down with it.

The only way to avoid this disastrous result is for Congress to break from the illusion that the "free market" will save us, and impose an oil parity tariff. Under the tariff, the difference between the current price, and the $20 a barrel parity price, will be taken as revenue by the federal government. The maintenance of the $20 price will at the same time protect our oil production and exploration, which are, in fact, vital for national security. . . .

FIGURE 1
Hospital bed availability, 1946-91
(beds per 1,000 people in the United States)



Sources: *U.S. Statistical Abstracts*; *Historical Statistics of the United States.*

12. Hill-Burton health-care standards

Excerpts from a July 20, 1994 "EIR Talks" radio interview with LaRouche:

I think we have to divide the health-care question into two questions, for purposes of voting, shall we say.

One, do we want universal health care? . . . That is, do you want a situation in which, when somebody falls down on the street, and you as a passerby call the police, an ambulance comes, picks that person up, takes them to an emergency room or something of the sort, while administering whatever care you can in an ambulance on the way, and that that person is going to be treated? Or, if someone is sick, and they call for help, that person is going to be treated, and adequately treated? Do you want a system in which, in your community, there are an adequate number of physicians and related professionals, as well as hospital beds and clinics within reach of you, so that your medical needs can be satisfied?

I think the answer is, "yes."

Do you think you want a situation in which, if someone is poor, and has no money, but requires medical care, they are going to be treated, and adequately?

I think the answer is, "yes."

All right, let's say we all agree on this sort of thing, from a moral standpoint, and as good citizens, to think of health care as *necessary,* not only for *ourselves,* but for our neighbor, *which may be essential to our health, and our family's health.* I mean, if you've got a bunch of sick neighbors, you're likely to catch something, buddy. So, therefore, it's only good, common sense, even if you lack the charity to think so, to wish that your neighbors have good health. It's good for you, and for your children.

Now, the question then is: *How* do we deliver this result?

I don't like what's happening now. I don't like what's happened over the past 20 years. I think we've gone in the wrong direction. I think we have to go back to the policy we had at the end of the war, when I think we had more sense than we do now, or have had recently.

We had a piece of legislation, about five or six pages of legislation, a very simple, very pungent, very clear piece of legislation, called Hill-Burton. That's what I supported in my campaign in 1992. That's the approach I support now.

I'm not against people having insurance. I think they should have insurance to help out, like the old Blue Cross/ Blue Shield used to be. . . . But, the problem today is that, since the introduction of malpractice insurance racketeering by the legal profession, and others, back in the late '70s and beginning of the '80s, that malpractice racket was used as a way to virtually shut down medicine and introduce changes, increase the cost of medicine, skyrocket it. Plus, of course, the economy of the United States was collapsing, and therefore, people had less income than before, and therefore, it was more difficult to try to keep pace with medical costs, because you have, really, less purchasing power than you had, say, in 1967. . . .

What I think we ought to do, is to take the overhead and the administrative costs out of health insurance. Let's get the paperwork out of the system. Let's go back to the Hill-Burton conception of a bulk rate, in which people have insurance, they try to cover themselves the best way they can. They have access to an adequate number of physicians, to an adequate number of hospitals when they need them, and so forth; and, if we have a few people who come in without the money to fully cover their care, we give them the care. It's *cheaper* to pay hospitals and clinics in bulk, to help meet these obligations, than it is to go through some very complicated insurance scheme which, in the end, turns out to be a ripoff for insurance companies, or some private investors.

Let's give people health care, let's not give the insurance companies super-ripoff profits. That's where I think the divide comes, and I'm going to do everything I can to help get health care through, but to get it through with the idea of an emphasis on the Hill-Burton philosophy, as opposed to the insurance company get-rich policy.

13. Beam weapons can stop nuclear threat

Address by LaRouche to an EIR *conference on the strategic crisis, on Feb. 17, 1982, Washington, D.C.*

. . .Turning to the question of the strategic arms debate itself. We have an insane policy, totally insane. Some of this is discussed as a matter of ridicule by people I don't like in the press. But the fact is, we develop a B-1 bomber and MX missile, which is essentially a conception which belongs to the early 1960s drafting board. But since we got around to developing it late, we said it was the newest thing—even though in terms of strategic geometry, it is already out of date and obsolete. We have not yet built the B-1, and yet it is already obsolete. Then, some people say, well, it's a political problem in terms of cost-benefit analysis to get the Congress to go along with the B-1, so let's go ahead with the MX. But the MX is supposed to go with the B-1! What are we going to do with the MX? . . .

What about second-strike capability? The word is out: submersible? Let's have submersible second-strike capability. Nonsense! At present, I'm looking into two methods for making any submersible a first-strike target! The assumption that a submersible is undetectable as a second-strike capability is utter nonsense technologically at this time. Every form of submersible is inherently detectable. It is simply a matter of doing adequate research and development into systems which can detect and pinpoint these at all times. A submersible in the next five years will be as inherently detectable as a fixed-place rocket. So why spend money on this?

Someone points out that our troops are illiterate and drug-addicted and can't handle complicated weapons. So let's go back to electronically guided bows and arrows: the policy of Sen. Gary Hart over at the Armed Services Committee, a real stone-age Maxwell Taylor. Of course, in war, the infantry soldier with whatever technology is the basis of war-fighting. But we don't arm them, we don't train them, we don't select them. We have an "all-volunteer" army. We had a slogan for it in the 1930s: "USA"—"Useless Sons Accommodated."

A nation that cannot maintain an organized civilian army in depth is a nation unwilling to fight in its own defense. So why kid ourselves about it?

It has been calculated that a 10% exchange of thermonuclear capabilities between the two superpowers would mean a fall-out in long-lived radioactive isotopes which would swirl around the world to the effect that no warm-blooded animal life will exist two years after that exchange. So what the devil is the sense of even talking about reducing the number of missiles?! That is no solution to this problem. You want to go in the direction of a showdown, with a weapon you can't use! But you might use it, and therefore you live under the threat of nuclear suicide.

How do you get out of this? It's elementary. If I put into space orbit a number of platforms with particle relativistic beam weapons, chemical-powered x-ray or not, which can target any missile in mid-flight, and I proceed to develop that system of detection, I can kill the proverbial 99% of missiles and aircraft carrying nuclear weapons in mid-flight. You can't do it with laser weapons because they have problems, but with relativistic beam weapons which deliver a relativistic shock to a missile, you can fire as if with bullets and kill these things in mid-flight. That is the only solution to the nuclear weapons problem.

Then, why the hell don't we develop it!

Why don't we sit down and agree with Moscow to develop these blasted things? Because they are important to both the United States and the Soviet Union for the mutual defense of each nation from the sword of thermonuclear Damocles. Plus we have Israel with thermonuclear capabilities. Pakistan has been given nuclear capabilities by Israel and Britain in the form of the Islamic bomb which is scheduled to come on line this spring. Brazil is developing its own nuclear weapons capability. South Africa probably has it. China, which has gone insane, has a thermonuclear capability given to it by the British and others.

We have a problem. Not only do the superpowers have thermonuclear capabilities, but many nations wholly out of our control are increasingly coming into possession of nuclear weapons and access to missile delivery capabilities—we have a problem of third powers which could engage in nuclear war becoming the trigger for nuclear power between the superpowers.

Therefore, we must have the ability that if East Podunk decides to have a nuclear war and shoot off missiles, we'll damn well shoot them down. We must have a policy that we will not tolerate the actual deployment of thermonuclear missiles against any target on the face of the Earth by any nation. And we must agree with the Soviet Union on that question. We must agree that we will agree to destroy anybody's thermonuclear missile or airplane carrying a missile which goes up into the air. We've got to make this planet safe.

The idea that we can hold back weapons development, the idea that we ought to have as an objective holding back technological progress in arms and warfare, is sheer idiocy. It always has been idiocy. The only solution is to organize our civilian basis to expand our economic power, to funnel credit selectively into the places that will restore our economic power, and to follow a foreign policy based on credit for viable infrastructure projects for developing nations; to expand especially our corps of engineers to do such things as to build a high-speed railroad from the Atlantic Coast across the Sahel region of Africa; to build a large water-system between the Congo watershed and Lake Chad region of Sahel.

Our aim is to strengthen the stability of nations through an outpouring of American economic power and American technology in cooperation with each nation.

At the same time, we must have an orderly national defense and a policy of agreeing with Moscow, since we're both going to be around, we presume, for a long time to come, that we shall both insist on full-speed ahead arms-race development of relativistic beam weapons.

If we do this, particularly if we proceed in the totally opposite direction from the austerity policy, and the kinds of economic and monetary policy of the founding fathers of this nation are adopted, a dirigistic system of credit, promoting the development of high-technology agriculture, high-technology manufacturing and infrastructure, extending the same policy as a matter of relations to the developing nations—then we can eliminate or solve the kind of crises we face in the April-May period. If we do not, but continue in this utopian nonsense which McNamara and Henry Kissinger typify over the recent period, or we proceed with such sheer idiocy as the China-Korean-Taiwan cooperation around a presumably sunken oil deposit in the China Sea—that kind of nonsense—or proceed with the Seaga-centered Caribbean Basin project the way that idiot David Rockefeller wants to do this, and continue to tolerate Voicker—we shall not survive because we have lost the moral fitness to survive, by refusing to make the kinds of policy shifts I have indicated.

Reagan's SDI speech on March 23, 1983

Excerpts from President Reagan's national address, creating the "Strategic Defense Initiative."

The subject I want to discuss with you, peace and national security, is both timely and important—timely because I have reached a decision which offers a new hope for our children in the 21st century—a decision I will tell you about in a few minutes—and important because there is a very big decision that you must make for yourselves. . . .

. . . I have become more and more deeply convinced that the human spirit must be capable of rising above dealing with other nations and human beings by threatening their existence. Feeling this way, I believe we must thoroughly examine every opportunity for reducing tensions and for introducing greater stability into the strategic calculus on both sides. . . .

If the Soviet Union will join with us in our effort to achieve major arms reduction we will have suceeded in stabilizing the nuclear balance. Nevertheless it will still be necessary to rely on the specter of retaliation—on mutual threat, and that is a sad commentary on the human condition.

Wouldn't it be better to save lives than to avenge them? Are we not capable of demonstrating our peaceful intentions by applying all our abilities and our ingenuity to achieving a truly lasting stability? I think we are—indeed, we must!

After careful consultation with my advisers, including the Joint Chiefs of Staff, I believe there is a way. Let me share with you a vision of the future which offers hope. It is that we embark on a program to counter the awesome

President Ronald Reagan

Soviet missile threat with measures that are defensive. Let us turn to the very strengths in technology that spawned our great industrial base and that have given us the quality of life we enjoy today. . . .

. . . [W]ith these considerations firmly in mind, I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents now to the cause of mankind and world peace: to give us the means of rendering these nuclear weapons impotent and obsolete.

Tonight . . . I am directing a comprehensive and intensive effort to define a long-term research and development program to begin to achieve our ultimate goal of eliminating the threat posed by strategic nuclear missiles. This could pave the way for arms control measures to eliminate the weapons themselves. We seek neither military superiority nor political advantage. Our only purpose—one all people share—is to search for ways to reduce the danger of nuclear war.

14. Reopen America's steel plants now!

Excerpts from LaRouche's television address to Pennsylvania voters, March 17-18, 1984, in his bid for the 1984 Democratic Presidential nomination.

Today I'm going to report to you on the measures I will take as President of the United States to restore not only the U.S. economy as a whole, but today I want to talk about, in particular, the measures I'm going to take which will affect directly the state of Pennsylvania, the state of New Jersey, and the state of Ohio. Other states too, but those are three we'll concentrate upon.

A long time ago, it seems now, the state of Pennsylvania was the "keystone" for the building of the United States. A group of people around first, William Penn, then Logan, and then Logan's protégé Benjamin Franklin, built up culture and manufactures and science in the state of Pennsylvania that made the state the center of economic power and political power for the young nation as a whole. Over the subsequent years, beginning with the development of cannon out of the bog iron over in the Pine Lands of New Jersey, industry started in Pennsylvania, spread through Ohio, Indiana, Illinois, into Michigan and along the Great Lakes. And from that time until the present, these states have been the industrial heartland of the United States, the power of the United States at home and abroad.

Now, under the influence of a policy which has governed us since approximately the middle of the 1960s, these states are being turned gradually into a desert. . . .

No 'post-industrial' society

Let's look as the disaster begins to develop. Now we see how the policy of post-industrial society, begun in 1966-67 under Johnson, how this has begun to destroy the very structure of the economy of the state of Pennsylvania. . . .

Now, you are told that the problem of U.S. Steel and other steel companies, is that Japan is unfair. Well, that's a lot of nonsense. Japan has been investing in modern steel plants, in new technologies, which we in the United States now don't even have. While the U.S. Steel Corporation and others have been suppressing technologies, even those new technologies developed by they themselves, or their own people. And they, as a dominant force in the industry, have prevented the rest of the steel industry in the United States from making these technological improvements. That is what our problem is. Otherwise, the people say we don't need steel. Well, that's a lot of nonsense! That's like saying we don't need to eat because we don't plan to live. There's a shortage of steel in the world if we do the things that we must do to keep our nation and other nations alive. Our transportation system is collapsing; other parts of our national economy are collapsing. Many of the things that are collapsing require steel, new steel, to rebuild them.

Since 1969, the United States investment in maintaining the existing basic economic infrastructure—water management, transportation in all forms, public utilities, power generation, and urban infrastructure—these things have been collapsing to the point that if we were to try to bring the economy back to the state of repair it was in in 1970, it would cost us today at least $3 trillion.

We are becoming a national junkpile, and if we don't intend to remain that, if we intend to get out of it, we're going to need a lot of steel.

Therefore, we are going to produce steel. And U.S. Steel in Pennsylvania is going to get back in the steel-producing business. Sure, we'll run out the old plants, the old technologies, to produce the things we need now, to drain the last ounce of usefulness out of some of these sick plants; but we're going to turn around and replace those sick plants, and employ those same steelworkers in producing the most modern technologies in the world, and in producing some things that have not yet seen the light of day that we know we can do, in terms of various modes of direct production, new types of ceramics; things of that sort we need badly.

The United States is not going to try to catch up with foreign steel producers in technology; we are going to jump ahead of them. And the United States Steel Corporation is going to get in there and do its part of the job. And if it doesn't, I am going to do, as President of the United States, exactly as Harry Truman did when he had a fight with poor old Blau, and what John F. Kennedy did when he had a fight with these fellows. Steel is essential to our national defense, not only militarily but economically.

No one has the right to destroy the economy of an entire state and to undermine the military and economic strength of the United States simply because they wish to loot their own steel corporation to invest in real estate, in coal mines that aren't producing, and other kinds of feudalistic investments. If U.S. Steel wants to cooperate and get back into business, they won't have any problem with me; but if they are determined to buck me on this when I am President, they are going to find that I am as tough as Truman was with them, I am as tough as Kennedy was with them, and perhaps a lot tougher. This country is going to produce steel; the state of Pennsylvania is going to be what it was once, the keystone state of our national economy; the machine tool industry of the state of Pennsylvania is going to be revived; the navy yard is going to be reopened; we are going to get this economy moving. . . .

15. Campaign 1988: 'The Woman on Mars'

Excerpts from the script for LaRouche's March 3, 1988 national television broadcast, "The Woman on Mars." The program was part of LaRouche's campaign for the Democratic Presidential nomination.

Announcer: Are you there, Dr. Gomez?

Woman's voice: Yes, John. I have the announcement for which you have been waiting. As of five minutes ago, our environmental systems were fully stabilized. Man's first permanent colony on Mars is now completely operational.

Announcer: If Lyndon LaRouche becomes President next January, that message from Mars will actually occur 39 years from now. The woman who will speak from Mars was born somewhere in the United States within the past year or two.

LaRouche: Many of you are shocked. Some of you are saying, "Why is this old geezer talking about a permanent colony on Mars, 39 years from now, with the major budget problems in Washington today?"

In a nationwide TV broadcast a few weeks ago, I told you that on my first day as President I shall declare a national economic emergency, and launch the largest economic recovery program in our history. During each of the first two years of my administration, about $2 trillions in low-cost Federal loans will be invested in building up our nation's presently rotting industrial infrastructure, plus building up of about 5 millions new industrial jobs during the first three or four years of my administration. . . .

There are no mysterious tricks involved; it is all basic economics modelled upon our successful economic recoveries under Franklin Roosevelt and John F. Kennedy. However, to keep that recovery going, beyond the first three to four years, and to make our economy once again the most competitive on Earth, we must invest in creating new technologies. To do that, we must pick up where we left off with the old Apollo program, back during the 1960s. The old aerospace program of the 1960s paid us back more than ten cents for every penny we invested in it. This Mars program will pay us back much, much more—not 40 years from now, but each year over the 50 years or more to come. The project's spin-offs in the form of new products and new technologies into our civilian economy mean, that by the year 2027 A.D., the average person in the United States will have a real income at least ten times that of today. . . .

There are two reasons why we must choose a Mars project as the way to achieve the rates of economic growth needed.

First, there are powerful reasons we must have a colony on Mars. To achieve certain very specific kinds of scientific breakthroughs we shall need on Earth, we must do the kind of astrophysical research we can not do without a Mars project. The practical purpose is to build up a system of giant radio-telescopes as far away from the Sun as possible. To sustain the scientists and engineers working on these space laboratories, we need a nearby logistical base. To support those scientists and engineers requires a population about the size of a medium-sized city on Earth. Since Mars is the nearest location which meets the requirements, we must colonize Mars.

The second reason is that the Mars project uses every frontier technology we might expect to develop during the coming 50 years of scientific research. That means, that the space program would be supplying our civilian industries with the most advanced technologies possible at the most rapid rate, putting the United States permanently in first place in technology. . . .

As President, I shall call together the representatives of industries including the automotive and aerospace sector. I shall say to them, "Ladies and gentlemen, I need your cooperation to give the United States the world's most advanced tool industry. I shall wrestle with the Congress to provide such legislation as we need for you to do your part in the job properly. We are going to get the last disgusting vestige of decay, pollution, and poverty out of the nation's life, and you are going to play a key part in bringing this about." It will work like this.

First . . . we are going to pour about $2 trillions a year of low-cost credit into infrastructure and industrial expansion.

Second, we are going to have an emergency tax-reform which stimulates investment with investment tax-credit incentives.

Third, the research and development of the project will be tightly interfaced with the growth of our modernized tool sector. . . .

This will require sweeping improvements in public school education. It requires more classics and science in the schools. . . .

It means, a much better way to live, than the drab misery, illiteracy, and decay, into which our nation has been drifting the past 20 years.

Then, 39 years from now, we shall hear the broadcast from Mars, announcing that the first permanent colony there is operational. Among those colonists will be some of the children and grandchildren of you watching this broadcast tonight. Many of you will be watching that first television broadcast from the new colony. Already, the woman who will speak to you from Mars, has just recently been born somewhere in the United States.

We shall give our nation once again that great future which our children and grandchildren deserve.

16. Food for Peace: an offer to Moscow

Excerpts from a statement by LaRouche at a press conference in West Berlin's Kempinski Bristol Hotel on Oct. 12, 1988, on "U.S. Policy Toward the Reunification of Germany," which also forecast the collapse of the Comecon economies and elaborated a "Food for Peace" policy for changing East-West relations.

Helga Zepp LaRouche and Lyndon LaRouche at the Brandenburg Gate in Berlin, on Oct. 11, 1988, before the political revolution began that brought down the Berlin Wall, and led to the reunification of Germany.

. . . At the same time that we discourage Moscow from dangerous military and similar adventures . . . we must rebuild our economies to the level at which we can provide the nations of the Soviet bloc an escape from the terrible effects of their economic suffering.

I give a concrete example.

Recently, in response to the food crisis, I sponsored the formation of an international association, called Food for Peace. . . .

One of the points I have stressed, in supporting this Food for Peace effort, is that the Soviet bloc will require the import of about 80 million tons of grain next year, as a bare minimum for the pressing needs of its population. China is experiencing a terrible food crisis, too. As of now, the food reserves are exhausted. There are no more food reserves in the United States, and the actions of the European Commission in Brussels have brought the food reserves of Western Europe to very low levels. Next year, the United States and Western Europe will be cut off from the large and growing amount of food imports during recent years, because of the collapse of food production in developing nations throughout most of the world.

During 1988, the world will have produced between 1.6 and 1.7 billion tons of grains, already a disastrous shortage. To ensure conditions of political, and strategic stability during 1989 and 1990, we shall require approximately 2.4 to 2.5 billion tons of grain each year. . . .

If the nations of the West would adopt an emergency agricultural policy, those nations, working together, could ensure that we reach the level of food supply corresponding to about 2.4 billion tons of grains. It would be a major effort, and would mean scrapping the present agricultural policies of many governments and supranational institutions, but it could be accomplished. If we are serious about avoiding the danger of war during the coming two years, we will do just that.

By adopting these kinds of policies, in food supplies and other crucial economic matters, the West can foster the kind of conditions under which the desirable approach to reunification of Germany can proceed on the basis a majority of Germans on both sides of the Wall desire it should. I propose that the next government of the United States should adopt that as part of its foreign policy toward Central Europe.

Rebuild the economies of eastern Europe

I shall propose the following concrete perspective to my government. We say to Moscow: We will help you. We shall act to establish Food for Peace agreements among the international community, with the included goal that neither the people of the Soviet bloc nor developing nations shall go hungry. In response to our good faith in doing that for you, let us do something which will set an example of what can be done to help solve the economic crisis throughout the Soviet bloc generally.

Let us say that the United States and Western Europe will cooperate to accomplish the successful rebuilding of the economy of Poland. There will be no interference in the political system of government, but only a kind of Marshall Plan aid to rebuild Poland's industry and agriculture. If Germany agrees to this, let a process aimed at the reunification of the economies of Germany begin, and let this be the *punctum saliens* for Western cooperation in assisting the rebuilding of the economy of Poland. . . .

17. Break with IMF policy toward Russia

The press release excerpted here was issued by LaRouche on Aug. 20, 1991, as the Communist regime in the Soviet Union was falling. On Aug. 29, the U.S.S.R. was dissolved, Mikhail Gorbachov was stripped of his emergency powers, and the Communist Party of the Soviet Union was suspended.

. . . Since the 1988 presidential campaign, I have fought against the policies of most of the Democratic Party and the Bush campaign, insisting, that with the present U.S. policies toward Moscow, the pro-Gorbachov policies as they were known, we were working toward a scenario of precisely the type which has now erupted in Moscow, with a danger of a bloody civil war or who knows what else alternative looming rapidly.

I told you so. I was right; President George Bush was wrong, the Democrats were wrong. Okay. Where do we go from here?

Well, you see what's happened. Mrs. Thatcher doesn't know what's going on; though, sure enough, that doesn't stop her from talking. John Major, the prime minister of Britain, is a minor figure in this mess. Bush is acting like a crybaby: "I want my Gorbydoll!" And Ton-Ton Mitterrand, the President of France, is not doing much better. These are the main architects of the so-called "new world order" of George Bush. They're all sitting down on the floor, having tantrums: crying like crybabies. They blundered. They goofed. They caused this problem; it was coming, and they refused to admit it was coming, and now it's come. And now they say, with George Bush: "I want my Gorbydoll!"

Well, it's time to grow up and face reality. The reason this happened—forget all the details, forget the soap opera, forget the gossip of what went on behind the scenes—what happened was *what I saw would happen,* back in 1987 and '88 on the basis of this "I love Gorby" campaign at the time.

What the West is demanding of Russia, and what Gorby—Mikhail Sergeyevich Gorbachov—has so far been acceding to, is what is known in Poland as the plan of Harvard professor Jeffrey Sachs. That plan has ruined Yugoslavia; it is the failure of the Sachs plan which provided the fuel which set off the bloody situation inside Yugoslavia. It is the Sachs plan which has bankrupted Poland. It is the Sachs plan and the Sachs policy which is about to bankrupt Czechoslovakia, which is threatening Hungary. It is the influence of thinking like the Sachs Plan thinking, which has caused a dislocation in the policy of the Federal Republic of Germany, with the effects we see in East Germany, where development has not proceeded as it should have.

Mikhail Gorbachov

The United States essentially is demanding from the Russians that they accept IMF conditionalities and GATT conditionalities, which are tantamount to the Sachs Plan. That plan, or the attempt of the Russians to adapt to something like that, has caused a dislocation amounting to chaos inside the Soviet Union throughout. This means that food is not delivered; that up to 40% of the harvest *rots,* rather than getting to hungry people—and things of that sort. Disorder. Chaos.

What has happened, then, is a natural reaction, by a section of the Russian establishment—that is, the people in positions of power, the people who run industries, who run agricultural sections, who run trade union organizations, who run the police organizations, who run the military organizations; the establishment—every country has its establishment. The Soviet establishment says, we cannot risk this; if we go into a winter like this, we're going to have famine; we're going to have incalculable chaos; we must act now. Gorbachov refuses to act; he continues to vacillate; he's capitulating to the West—well, under those circumstances, you might have a coup against Gorbachov, organized by Gorbachov, in an attempt to blackmail the West into changing its policy—to save him, so to speak.

We should learn a lesson

But the essential thing is this. If the United States, and Britain, and Paris, in particular, would learn their lesson, would learn to stop acting like fools, they would say to the Russians, "All right. You can have your own economic reform, on your own conditions, without any Jeffrey Sachs Plan, without any disastrous Polish model." We would say clearly: "We do not want to do to you, the nations of the Soviet Union, what our folly helped to do to Yugoslavia, and is helping to do to Poland, for example. Yes, we have some bad ideas, too, from our quarter. We want something that works; and we offer you cooperation to devise something that will work. We are withdrawing our demands that you accede to the crazy free trade ideas of Margaret Thatcher and similar ideological idiots. Let's have a sensible plan of cooperation for the economic reform and development of the Soviet Union and its member states." . . .

18. Mideast: making the desert bloom

This proposal for Middle East development is from LaRouche's 1975 "IDB: How the International Development Bank Will Work."

The development of Mideast agriculture

Within two years the low agricultural production of the once fertile Mideast can be raised six times the current annual output. The programmatic basis for this rapid development of Mideast agriculture is the exchange of oil for tractors and fertilizers from the advanced industrial countries, replacing Mideast peasant technology with a highly capitalized level now only found in the advanced countries. The former Fertile Crescent and the North African grain basket, now turned into desert, can once again become major food exporters. . . .

Immediate program

On the basis of the current grain area only (both rainfed and irrigated), inputs of fertilizers and tractors can increase grain production six times over current output. This amount of train production can provide for both human consumption and the feeding of livestock, providing for a far more efficient livestock industry than nomadic herding on the arid pastures. This will immediately provide the 170 million people in the Mideast with a proper diet of 3,000 calories and one pound of meat daily for the first time in their lives. Even with this vast increase in consumption, the Mideast will still have over 100 metric tons of grain for export. . . .

Realization of the projected yields . . . depends on immediate modernization of existing irrigation works. This means the reconstruction of irrigation canals and ditches with modern, permanent, materials, allowing minimal maintenance and easy administration of water in the right amounts at the right time. . . . This means using about $2 billion worth of excavating equipment to lay clay pipe drainage lines, criss-crossing the land in lines 100 yards apart. This system will also supply additional recycled water for irrigation. . . .

Israel, the key to development and peace

The exchange of Israeli technical manpower and fertilizer for Arab food and fuel is the only alternative to Rockefeller's thermonuclear war provocations.

Immediately Israel can provide 10,000 specialists trained in agriculture and related scientific fields to aid surrounding Arab nations, particularly Syria and Iraq, with efficient methods of "trickle" irrigation, scientific drainage, tilling, etc. A second immediate area of cooperation is fertilizer production. As one of the world's major suppliers of potash fertilizer, within months Israel could be exporting 500,000 tons per year of this fertilizer to its Arab neighbors, 10% of total needs.

With the investment of $200 million of Western European capital, this industry can be further expanded. Utilizing existing highly skilled labor, an additional two million tons of fertilizer can be produced, including ammonia fertilizer from Arab natural gas. The increase in Arab grain production—at the very first stage of a cooperative development program—can slash food prices in Israel within a year, allowing for a fivefold increase in per capita meat consumption and a corresponding improvement in vegetable and fruit consumption.

'Exportable' educators

Israel's primary contribution to Mideast development is technical expertise. A multi-lateral agreement between Israel and Arab nations, Europe and the Soviet bloc for establishment of the IDB and the funding of giant agricultural development projects in the Fertile Crescent will necessitate tens of thousands of agricultural and other technical experts in the use of fertilizer, irrigation and tractors, to reorganize infrastructural development projects, and so on. As the leading country in arid-land agricultural technology, Israel is uniquely situated to supply such technical aid.

In addition to trained technicians, the Arab states suffer from a general shortage of college-educated specialists capable of educating teachers for massive expansion of education. Of the 300,000 college-educated adults in Israel, more than 80,000 are immediately "exportable"—the unemployed and those employed in banks and hotels, many of whom already speak Arabic.

In exchange for technical assistance and fertilizer, Arab countries will ship to Israel the full ten million tons of oil a year needed for full capacity industrial production and consumer use. Further, on the basis of the political and economic settlement implied by the IDB proposal, allowing for increased exports of fuel for West European production, West European industry will be able to export to Israel the capital goods necerssary to alleviate Israel's greatest shortage—housing. Housing supply must double within three years—from 15 square meters per capita to 30 square meters. Peak housing production must triple. 140,000 large (120 square meters) units of housing must be mass produced each year. The $0.5 billion of modular housing and construction equipment required for this level of production can be imported from Europe. . . .

19. Stop Club of Rome genocide in Africa

On April 28-29, 1980, the Organization of African Unity (OAU), meeting for an economic summit in Lagos, Nigeria, issued a document titled "Lagos Plan of Action." It proposed the use of "soft technology" and "alternative energy sources" like biomass, while praising the "positive role" of the International Monetary Fund and World Bank in supposedly encouraging Third World development.

Lyndon LaRouche and EIR *prepared a book-length critical commentary on the Lagos Plan, titled* Stop Club of Rome Genocide in Africa! *The manuscript was circulated widely, but was never published in English (a Spanish translation did appear). We publish here an excerpt from the Introduction, by LaRouche. More extensive selections from the document appeared in a special issue of EIR,* Jan. 1, 1993, devoted to "The Rebirth of Africa."

Development or neo-malthusian genocide

The rise of the so-called neo-malthusian dogma over the course of the past decade and a half is but the most clearly evil among our four principal varieties of powerful institutional obstacles to the economic development of the continent of Africa. Unless the power of those institutionalized policies is crushed, development is impossible.

Therefore, we propose that no development effort can be called either "realistic" or "practical" unless it includes a resolution for mobilizing forces adequate to eliminate those four institutionalized obstacles.

These four institutionalized obstacles to development are:

1. The influence of neo-malthusian doctrines allied to those of the Club of Rome.
2. Post-1965-68 policy trends of leading international monetary institutions.
3. Institutionalized monetary and trade policies, sometimes denounced as "neocolonialist," antedating 1965-67.
4. The hegemony of doctrines of political economy derived from the colonialist doctrines of the eighteenth and nineteenth century officials of the British East India Company (for example, Adam Smith, John Stuart Mill).

To the extent the first three of these institutionalized obstacles are not defeated, net economic development of the formerly colonial nations is impossible. To the extent the fourth of these institutionalized obstacles influences the methods of attempted development employed, those attempts must fail.

For such reasons, a development resolution becomes practical, realistic, on condition that it begins with a twofold elaboration of policy counter to these four obstacles. First, that policy must treat the body of ideas from which the four cited obstacles are spawned. Second, the policy must define the powerful networks of influence through whose influence such ideas are embodied in institutionalized obstacles of the first three types.

This twofold approach must treat the matters not only in opposition to evil conceptions and influences; it must articulate counter-policies and propose counter-forces.

There are two aspects of the most recent centuries of European development which are of special relevance to such a practical and realistic approach. Twice during recent centuries, Europe suffered conditions broadly comparable to those confronting the formerly colonial regions today. In the first instance, we consider the emergence of the Golden Renaissance of the Fifteenth Century out of the New Dark Age of the Fourteenth Century. In the second instance, we focus on the central position of Jean-Baptiste Colbert and his famous protégé Gottfried Wilhelm Leibniz in leading the continent of Europe out of the ruinous conditions of the 1618-48 Thirty Years War.

By focusing attention on those two periods, we define historically the two opposing policies to be contrasted today in the battle for economic development of Africa (in particular).

By adopting such an approach, we accomplish something more than merely defining a realistic and practical approach to institutionalized obstacles. Out of the lessons of the Seventeenth and Eighteenth Centuries' *mercantilist* and *Kameralist* approaches to the successful economic development of Europe, we adduce a unified conception of *development,* a conception readily restated in forms immediately appropriate to the case of Africa.

On the positive side of the problem of development, we must move beyond mere lists of particular requirements for development, to *a unified conception of development.*

By examining the "Lagos Plan of Action" from the vantage point of the conception we develop in the following pages, it will be made clear why we see dangers in the method of elaboration of developmental goals employed for the "Lagos Plan of Action."

It should also be clear from the same pages that we view it as indispensable to successful development of Africa to transform a growing population of students into a dedicated elite trained in the principles of development as well as in the professions of scientist, engineer, and technician in such specialties as physics, chemistry, biology, agronomy, medicine, civil engineering, and so forth.

20. Operation Juárez: Reorganize the debt

The following are excerpts from a book-length report by LaRouche, entitled Operation Juárez, *dated Aug. 2, 1982, which proposed a comprehensive debt-reorganization. The report was prepared following a June 1982 meeting between LaRouche and Mexican President José López Portillo, in which the two discussed the debt crisis in Ibero-America. On Sept. 3, López Portillo nationalized Mexico's banking system. During September and October, he offered to cooperate with the United States, along the lines of Operation Juárez. Instead, the United States sent Henry Kissinger to Mexico to enforce the International Monetary Fund's austerity conditionalities.*

. . .We propose to establish a mutually agreed cut-off date for further accruals of existing contracts of indebtedness of Ibero-American republics. After that date, no further interest-payments will accrue on those contracts. Effective that same date, each of the debtor-nations will deliver to the creditor-banks a portfolio of bonds equivalent in total value to the accrued value of the previous debt-contracts up to the cut-off date. The old debt is thus "sold" for the new debt.

The portfolio of bonds delivered by each debtor to each creditor will have the following most notable features.

1. The interest-rates on the bonds will be nominal, approximately 2% per annum.

2. The final date of payment of principal on the total indebtedness will be significantly later than the schedule indicated by the canceled contracts.

3. In some cases, there will be a period of grace, before payments mature—a deferred-payment provision.

4. Maturities of debt-payment will be determined by maturity-dates of each of a series of bonds issued.

Unfortunately, more or less inevitably, some among the bankers of lesser intelligence will howl with protest: "We are being cheated out of the interest-income we would have received under the old contracts." Such imbecilic gentlemen need to have matters explained to them in very basic terms: "Try to collect the old contracts, and you force us to default, in which case your banks cease to exist." The advantages of the new arrangement may then begin to be apparent even to the most stupid among New York bankers. . . .

The new bonds will have low yield, but they will be discountable for certain categories of issuance of new medium-term to long-term loans. The new bonds will be a negotiable asset in that way, and should be a very high-grade variety of asset for these bankers, provided they behave sensibly.

Through a combination of debt-rescheduling and correlated economic measures, the bankers involved will have a very important market for new lending on very sound terms throughout much of Ibero-America. This lending may not be significantly profitable in terms of income on the loans themselves; however, this lending will be very rewarding to the banks' clients among U.S.A. capital-goods exporters, and, consequently, to the banks themselves. . . .

Ibero-American 'common market'

We propose that, within the Organization of American States, such republics as may choose to do so, should form an Ibero-American "common market." This "common market" would be based chiefly upon these institutional features:

1. Bringing their respective, internal institutions of credit, currency, and banking into order, as specified here, earlier.

2. Establishing a common banking institution to facilitate exchange of credit, currency and trade among them, and as an institution of common defense of the financial and economic interests of the member-nations and the continent as a whole.

3. To make more effective use of the limited resources at their common disposal, to the equitable advantage of each and all.

Taken as a whole, Ibero-America represents a spectrum of existing and potentially existing capabilities of natural resources, agriculture, capital-goods industries, and other economic resources. What is not immediately at the disposal of the republics taken individually, is in large part at the disposal of those republics taken as a whole. Given the limited means for creating technologically advanced industries of each and all, the attempt of the republics to meet their needs in parallel represents a costly duplication of investment, by comparison with the better use of limited resources if a rational division of labor were to be developed among those republics.

What is required is:

1) Agreement to prefer trade within the community, rather than trade without it.

2) Medium-term and long-term trading agreements, through which it will specialize for export to members of the community, thus assuring a medium-to-long-term market for products of this sort, are intended to foster the most efficient use of the limited capital and credit available to each and all.

3) Fair-pricing agreements, combined with cohering tariff agreements, which have the effect of establishing a customs union among the members of the agreement.

If a sufficient portion of the Ibero-American nations enter into such an agreement, *the result is the assembly of one of the most powerful economies in the world from an array of individually weak powers. . . .*

21. Develop the Indian, Pacific oceans' basin

The following are excerpts from LaRouche's "A Fifty-Year Development Policy for the Indian-Pacific Oceans' Basin," August 1983. The preparation of this 86-page EIR Special Report *was initiated during LaRouche's July 9-Aug. 3, 1983 visits to India, Japan, and Southeast Asia, the occasion of an intense schedule of meetings with governmental and other public figures of that region on a variety of topics, of which the issue of economic cooperation and its importance for enhancing political stability, were leading topics.*

. . .The enclosed two-part report is a preliminary study intended to provide the government of the United States, as well as governments and influential private circles of the proposed partner nations, a new agenda for formulating policies of cooperation within the combined Indian and Pacific oceans' basin. The short-term purpose of composing and issuing this proposal in the present, preliminary form, is to provide President Ronald Reagan a fresh set of policy options for his consideration, in connection with his planned visits to Japan and Southeast Asia during November 1983. The medium-term purpose is to to set into motion a process of discussions intended to produce a more efficient consensus among the prospective partners of the proposed, early cooperation. . . .

The distinctive feature of the present proposal as a whole is emphasis on the elementary point that the projected economic cooperation within the basin is economically unworkable, unless the Pacific and Indian oceans' basin is treated as an indivisible unit of such cooperation. India's urban labor force is approaching 60 million persons, and includes one of the largest pools of scientific and related professional manpower in the world today, a population adapted for rapid rates of assimilation of advanced technology, and, predominantly, with a cultural disposition for assimilation of both large-scale infrastructure-building projects and advanced technologies. India, Indonesia, and Japan are the pivotal nations for the economic development of approximately 1.5 billion population on the southern and eastern rim of Asia, and thus key to development of the mass of economic power needed to provide China a reservoir of assistance for its own needs for trading-partners and imports of technology.

Moreover, assuming that the world does not continue its presently accelerating descent into a new dark age, as the proponents of "post-industrial society" and neo-Malthusianism are, principally, efficiently causing to develop, the world will soon effect turnabouts, away from present directions in policy, unleashing potentially the greatest technology-driven economic boom in history, worldwide. Under such happy, and urgently required conditions, the concentration of ocean-borne freight movements in the world will make the combined Indian and Pacific oceans' basin the center of the world's economy. . . . The other principal ocean basins of commerce and economy, the Mediterranean, the North Atlantic, and South Atlantic, must necessarily feed into the center of world economy chiefly through the Suez Canal and augmentation of the present Panama Canal by the proposed new sea-level canal, plus a lesser but significant role for the Cape of Good Hope.

The single most crucial point of strategic weakness visible from this vantage-point is the constricted passage past Singapore through the Straits of Malacca. The obvious remedy for this is the development of a large, high-speed, sea-level canal through the Isthmus of Kra of Thailand—a well-researched project clearly to the long-term objective advantage of that and adjoining nations, but not without subjective and other causes for hesitation within Thailand itself. Those sensitive problems associated with the Kra canal, and with the aborted Mekong River Development Project as well, typify the point of deliberations at which objective determinations of economic science must pass over into the more emphatically political domain of internal and combined deliberations among the nations most immediately affected by such projects.

It is the general view adopted for this report in that connection, that the cultural matrix of that region of Asia be efficiently respected, and that, rather than proposing each desirable project one at a time, a package of such desirable projects be adopted, to the effect that each nation obtain its share of the benefits provided by the combination of projects taken as a whole—the same principle of practice exemplified by the Global Infrastructural Fund (GIF) proposal submitted by the Mitsubishi Research Institute. . . .

The economic development of the Indian-Pacific basin encompasses a span in the order of two generations, for which the general features of the initial quarter-century are rather clear today, and the second quarter-century foreseeable in those broad terms of reference we need to make decisions today. On condition that a crash program effort is dominated by shifts in technology, what must tend to emerge is a new view of man's management of his environment. This will be a view informed significantly by work in designing construction of Earth-like environments on such locations as the Moon and Mars. We will say to ourselves, "If we have demonstrated that we can grow forests on Mars, as well as human colonies, why do we not employ the same repertoire of technology to adopt a similar, gardener's approach to management of our environment on Earth?"

22. Unified approach to developing Eurasia

Excerpts from LaRouche's "The New Role for Russia in U.S. Policy Today," EIR, *Aug. 25, 1995.*

The present writer's televised Berlin address of Oct. 12, 1988, signalled this proposed application to the new Russia of the tradition of American System political-economy. In that address . . . that policy of reconstruction was later elaborated in significant detail, beginning November-December 1989, in policy statements and prospectuses issued under the rubric of "the European Productive Triangle."

This Productive-Triangle policy anticipated all the principal features, and more, of the later "Delors Plan." It proposed that the emergent world-center of economic progress, since Charlemagne, the approximate spherical triangle whose apices are Paris, Vienna, and Berlin, be mobilized as the pivotal technology-driver for all Eurasia, and that this triangle be the hub of a network of railway-spined developmental corridors, extending eastward and southward, across Eurasia, through such routes as Berlin-Warsaw-Moscow, Kiev, and so on, to the Pacific and to the Indian Ocean. Although the principles embodied in the Productive-Triangle proposal are either unknown or unfashionable in the classrooms and professional journals of the past quarter-century's west European and North American academia, there is nothing in that proposal which is not implicit in established American System traditional doctrine and practice. . . .

Infrastructure policy

Let us summarize the implications of the "Productive Triangle" program for the vast reaches of eastern Eurasia, and thereafter conclude this introduction by focussing upon the mathematical problems posed by the notion of science-driver principles in modern economy.

The most conspicuous obstacle to the successful economic development of Russia's vast potentials, greets one as one flies east of Warsaw: great, undeveloped spaces, whose want of elementary infrastructural development, is the crucial obstacle to successful, modern technological investment in the productive powers of labor. This is the characteristic feature of that vast land-bridge area which development must traverse to reach the densely-populated regions of the Pacific and the Indian Ocean littoral [see accompanying map, pp. 42-43]. This was the key problem addressed by the LaRouche "Productive Triangle" proposal for post-Soviet reconstruction of Eurasia.

The principle can be traced in western Europe's cumulatively successful development since Charlemagne. First, it was inland waterways, roads, and market-fairs; later, it was more inland waterways, and then railways. . . .

The upshot of that successful economic history of western Europe and North America, is that one does not attempt to develop broad expanses economically. Rather, one traverses those expanses by development corridors, whose width is normally approximately a hundred kilometers, approximately fifty kilometers either side of a spinal artery of transport, such as a navigable inland waterway, a trunk railway, or, superseding rails, magnetic levitation transport.

The principle involved is conveniently illustrated by reference to data for five nations, from the 1967-70 interval. These are, the three model industrialized nations of that period: Japan, West Germany, and the U.S.A., and the two archetypical developing nations, China and India. Since the levels of technology among the first three, were comparable at that time, the similarities show more brightly the significance of the crucial differences in population-density: Japan's habitable territory: extremely high density, relatively speaking; West Germany: high density; the U.S.A.: low density.

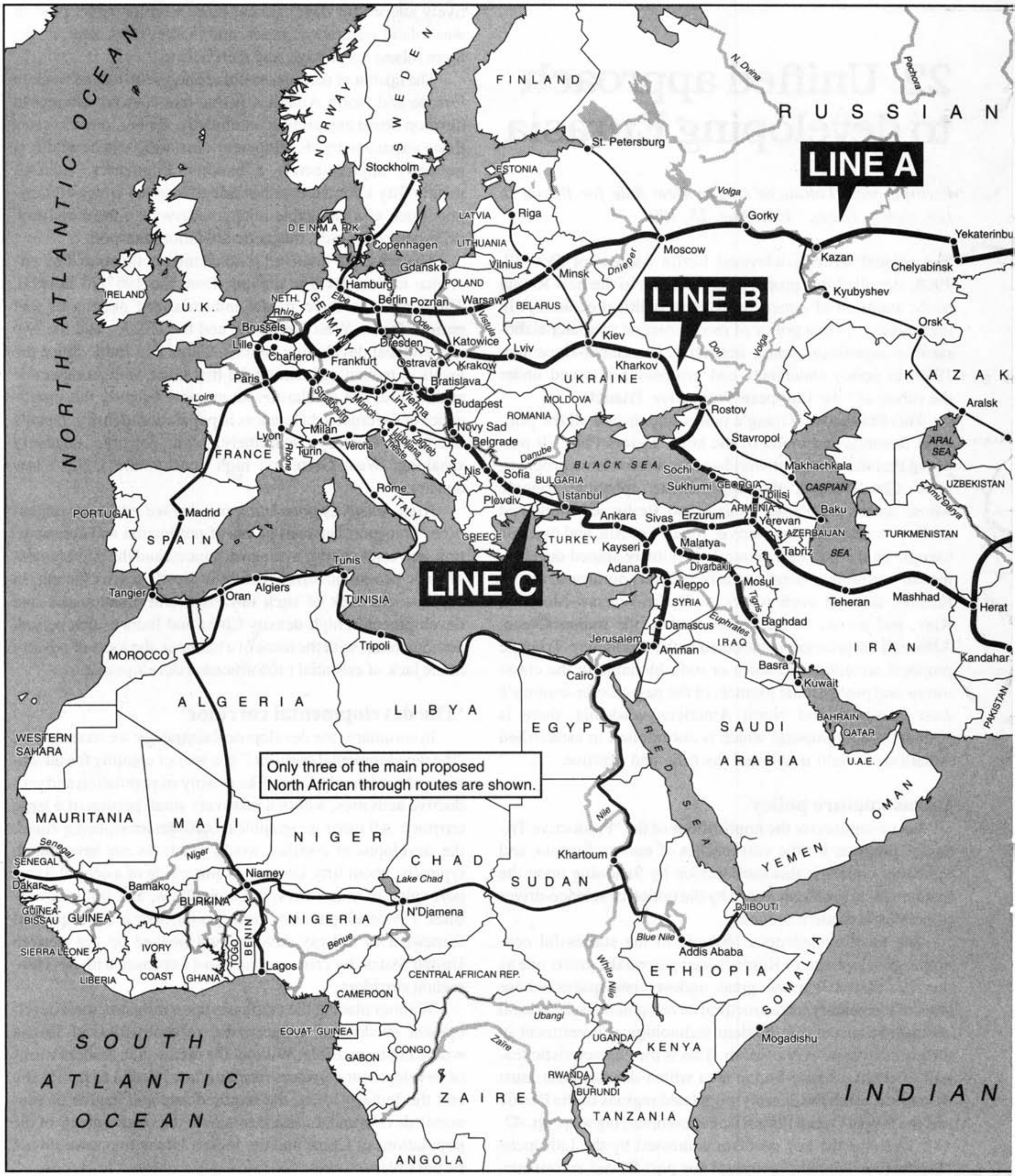
High density of population is a marked economic advantage: Transport between points of production and consumption, traverses shorter average distances, and the employment of basic economic infrastructure is greatly more efficient. In contrast, the lack of such infrastructural maintenance and development in high-density China and India of that period, demonstrates, with the force of a hammer, the roots of poverty in the lack of essential infrastructural development. . . .

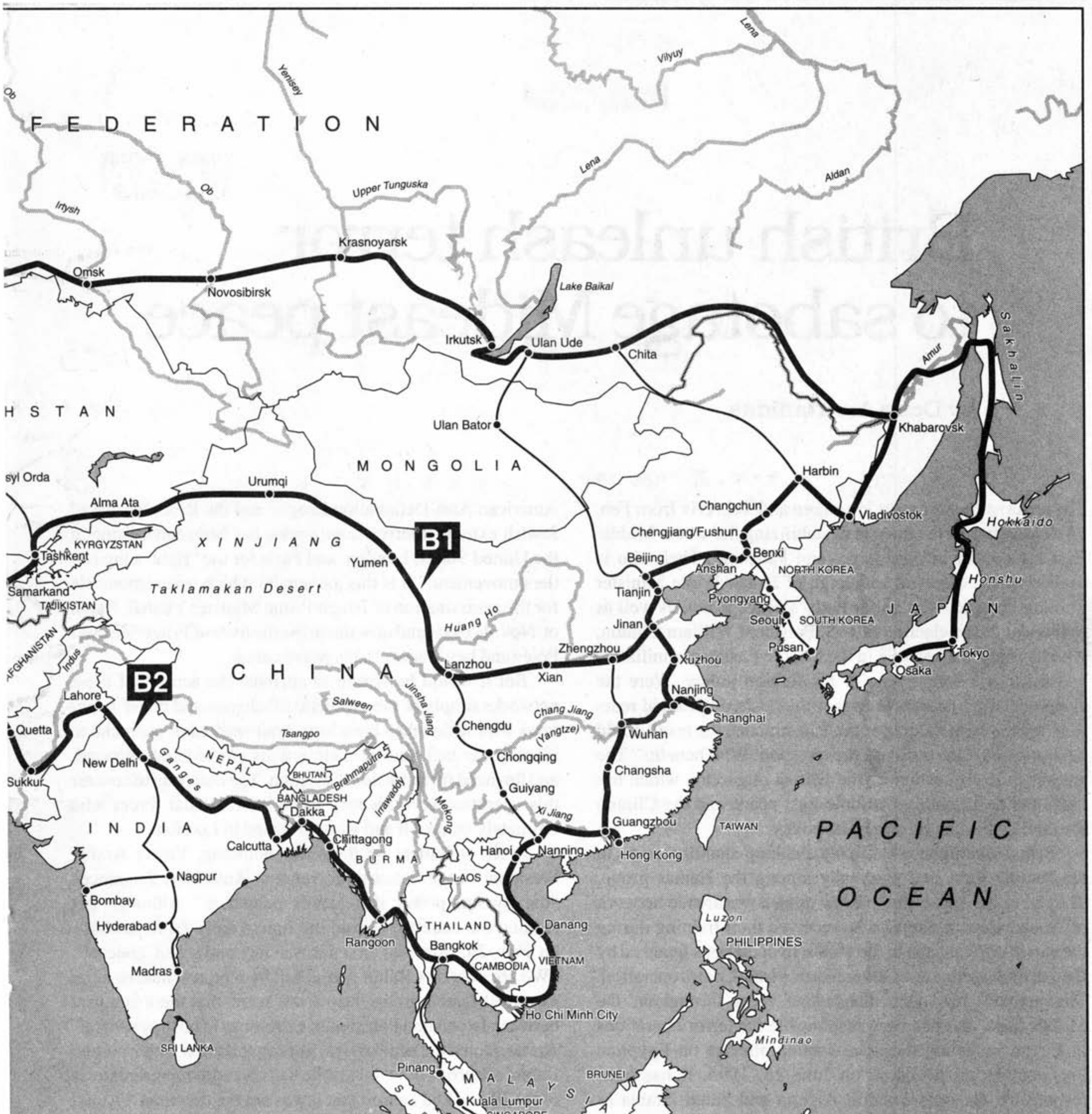
'The developmental corridor'

In summary, the developmental strategy we have termed "the developmental corridor," is a way of creating the advantages of a relatively Japan-like density of population and productive activities, within a relatively small portion of a large territory. All other geographical considerations being equal, the development corridor would reach, as we have noted, typically, about fifty kilometers either side of a central transport-spine of waterways, rails, pipelines, and trunk power-lines. The development of the larger territory is accomplished somewhat as railway development opened up the western United States: by criss-crossing vast expanses with developmental corridors.

Without placing the emphasis upon infrastructural development so defined, a successful reconstruction of Russia would not be possible. Without the use of such modern forms of development corridors reaching from Berlin to the Pacific and the Indian Ocean, the required rate and degree of economic development needed to satisfy the requirements of the populations of China and the Indian subcontinent would not be possible.

Proposed Eurasian rail system: locomotive for development and peace




FEDERATION
HSTAN
MONGOLIA
XINJIANG
CHINA
Taklamakan Desert
KYRGYZSTAN
TAJIKISTAN
AFGHANISTAN
NEPAL
BHUTAN
BANGLADESH
INDIA
BURMA
LAOS
THAILAND
CAMBODIA
VIETNAM
MALAYSIA
SINGAPORE
BRUNEI
INDONESIA
PHILIPPINES
TAIWAN
NORTH KOREA
SOUTH KOREA
JAPAN
PAPUA
NEW GUINEA
SRI LANKA
PACIFIC
OCEAN
OCEAN
B1
B2
Ob
Yenisey
Lena
Vilyuy
Upper Tunguska
Aldan
Irtysh
Lake Baikal
Amur
Sakhalin
Hokkaido
Honshu
Huang Ho
Jinsha Jiang
Salween
Chang Jiang
(Yangtze)
Tsangpo
Brahmaputra
Ganges
Indus
Irrawaddy
Mekong
Xi Jiang
Luzon
Mindinao
Borneo
Sumatra
Sulawesi
New Guinea
Java
Krasnoyarsk
Omsk
Novosibirsk
Irkutsk
Ulan Ude
Chita
Khabarovsk
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