
Al Aswaq Interviews Lyndon LaRouche

Let us have joint projects in power, water, transport, and agro-industry

A full-page interview with Lyndon LaRouche appeared in the Jordanian financial daily Al Aswaq on Oct. 31, entitled "LaRouche: A Vision of the Regional Development." The abridged text was based on the following written answers supplied on Oct. 26.

Q: We understand, that in 1975, following a trip to Baghdad, you launched the idea of an International Development Bank. Can you explain, in some detail, how such a development should work? Where should the capital come from? Who should control the bank's policy? How should credit be issued, at what rates, etc.?

LaRouche: Such a bank is needed to conduit a supply of low-cost, long-term credit to facilitate the completion of selected categories of essential infrastructure projects, and, also, to provide credit to selected categories of private productive ventures. All of this should be done for the purpose of increasing both what I have defined as the *potential relative population-density* of the region as a whole, and the political-economic viability of the cooperating nations of the region. The bank should issue such credit, variously, either directly on its account, as a keystone participant in lending by one or a consortium of other lending agencies, either private or public.

Its lendable funds should be formed from a combination of sources: grants or deposits by a) sundry governments and public international institutions from outside the region, b) governments and private agencies within the region, and c) deposits by private banks within the region.

The most frequent mode of issuing credit should be as tranches on progress in construction, and, after completion of the construction phases, conversion of part or all of the credit for construction into permanent or semi-permanent capitalization of the lending for the construction phases.

The lending and other policies of the bank should be premised upon notions of what the government of France's President Charles de Gaulle recognized as "indicative planning." That is to say, that there must be an agreed set of principles identifying the essential, medium- and long-term elements of peace and equitable economic development throughout the region.

The political, and also the economic success of the work

of such a bank, depends upon the promotion of a soundly premised conception of vital, durable common interest among peoples who have been long separated from one another by enraged rivers of bloody conflict.

To that purpose, the bank should adopt a set of principles designating both a network of infrastructural-development projects, and the principled nature of the essential interdependence between those projects and the private agricultural, industrial, and also residential requirements of the region. The following illustration, on the subjects of planning and lending policy, are perhaps indispensable clarification.

On the subject of general economic-development perspective: The "comparative economic advantages" of the Middle East region are chiefly three. First, that the region is one of the world's principal maritime choke-points, between the Mediterranean and Indian-Pacific littorals, and, for that reason, also one of the world's highest-economic-potential "land-bridge" regions. It is here, that produce of the two oceanic basins, a large portion of the world's sea-borne exportable wealth, comes to port regions, bringing together an array of primary and semi-finished products which are the required supply for a great industrial center. Second, that the population has the potential for supplying a skilled, high-technology labor-force. Third, that the nations of the region are highly motivated to succeed, by the fact that the present levels of population could not survive in decency without acquiring such development.

On the clarity of requirements for development: The region can not sustain its present levels and rates of growth of populations with the present level of supplies of freshwater. There is no equitable division of existing water-supplies which might assure durable conditions of economic growth, or of peaceful cooperation among the inhabitants of the region. This cruel primary economic fact of the region must be turned into an advantage: The Middle East's survival depends upon its being transformed rapidly into the world's principal center of use of large-scale desalination and related technologies. A new, artificial source of freshwater for households, agriculture, and industry, greater in amount than the combined flow of the River Jordan and contiguous aquifers, must be constructed, relying upon high-energy-flux-density power-sources and also advanced physical prin-



Workmen unload irrigation pipes at the Jordanian port of Aqaba on the Red Sea. LaRouche emphasizes that a high rate of "public investment in development of integrated water, power, and transportation infrastructure, is crucial for economic success of private agriculture and industry."

ciples in desalination techniques. This Middle East project is, in that respect, the key to the future habitability of the Sahara and other great desert regions of the planet.

Another deficiency which must be, similarly, transformed into an advantage, is the relative smallness of the region. For this purpose, the case of the successful, pre-1976 industrial development of Japan should be examined. Only a fraction of the total land-area of Japan is usable for combined habitation, farming, basic economic infrastructure, and industrial production, but Japan turned that relative ultra-high population-density of land in use into an economic advantage: achieving very high density of infrastructure per square kilometer of used land in those localities. I.e., very high utilization of infrastructure per linear kilometer of channel of infrastructural development, and, thus, very high relative economic efficiency per square kilometer of land-area employed. A proportionately high rate of public investment in development of integrated water, power, and transportation infrastructure, is crucial for economic success of

private agriculture and industry. The development of such public investments will also serve as a principal stimulant for the emergence of expanded private agricultural and industrial output.

Private-public compatibility: Net internal food security for the nations of this region, depends absolutely upon such programs of infrastructure development. Agro-industrial complexes sharing the benefits of integrated water-power-transportation networks' development, are the key to the success of the private sector. The development of such complexes requires, in turn, a strong emphasis upon highly rational urban planning of new centers of habitation characterized as agro-industrial complexes located at those nodes on the network of water-power-transportation which economic geography dictates should be the new centers of population and production.

Sources and applications of lendable funds: It should be a principle, that foreign credit of the bank should be employed chiefly for required imports of agro-industrial technology, and that increasing emphasis should be placed upon the use of domestically generated state and private sources of credit for internally-generated sources of public and private capital for economic development. Careful management should be employed to ensure low borrowing rates for credit, based upon prime rates of between 1% and 2% per annum for long-term infrastructural credit.

Grants: In general, the bank should also serve as an agency for administration of grants, in addition to loans.

Ownership and administration of the bank: The bank should be an agency created by authority of the participating governments of the region. The bank should operate under a governing charter which sets forth governing principles, and also includes an indicative plan for the general economic development of the infrastructure and agro-industrial centers of the region during a period of two coming generations. It should be closely associated with the national banks of the participating nations, and with the independent banks which will participate in the creation and supervision of credit issued.

Those are some among the leading considerations I think one might wish to emphasize.

Q: In the area of economic policy and planning in the Middle East, there have been two schools of thought here as well. One view considers the region as an opportunity for private investment in areas that would bring a quick profit, tourism predominant among these. The other view, emphasizes the need for vast infrastructure projects (water, energy, etc.), as the precondition for effective growth. Those supporting infrastructure are divided as to whether this could be privately or publicly financed. What does real economic development entail?

LaRouche: During the past quarter-century, leading institutions from North America and western Europe, including

the U.N.O.'s International Monetary Fund, and World Bank, have almost consistently demanded that so-called "developing nations" avoid any significant investment in infrastructural development, and place the emphasis upon the general use of cheap-labor investments, with special emphasis upon the promotion of cheap-labor-based tourism as a source for gathering hard-currency receipts. That same view has dominated the academic community around the world. As a result of the persistence of both the propaganda from these sources, and also the demand for such policies by influential financial institutions, the tourism-pivoted cheap-labor-investments policy has become widely accepted doctrine.

The facts do not support that propaganda. Generally speaking, looking back over the past quarter-century, the medium- to long-term social and economic effects of that cheap-labor policy have been proven disastrous. In effect, the nations lured into such tourism-centered orientations, end up looting their people and their land, in real terms, in order to attract the much-desired flow of hard-currency gained in this way. There are exceptional cases, which might appear to be an exception to this pattern, but, in most of the nations I could name, the results have been a net disaster.

Today, the situation is much worse. The world is presently gripped by a hurricane of the century's worst, ongoing, global, monetary and financial crisis.

If we measure in terms of the physical output per capita and per square kilometer, the income and output of the United States today is approximately half what it was 25 years ago. The condition of the United States typifies the general trend around the world as a whole. Prior to the middle of the 1960s, merchandise trade accounted for between 60 and 80% of total annual foreign-exchange turnover of the United States. By 1976, this had dropped to 23%. Under the impact of the policies of the U.S. Carter administration, especially Paul A. Volcker's Federal Reserve policies of 1979-82, the figure had dropped to 5%. By 1992, the last year of George Bush, it had dropped to 2%. Today, the U.S.A. and world figure is estimated optimistically at about one-half of a percent. While implicit financial turnover today soars to more than half a quadrillion dollars annually, the physical output of the world, per-capita and per square kilometer, continues a 25-year decline. Thus, this process, accelerated by the insanity of "derivatives" speculation, has implicitly bankrupted the world's principal monetary and attached financial institutions. The collapse of those institutions is in progress, and could be fully effected within as short a time a several or more months.

The relevance of that global financial and monetary crisis to the issues of Middle East development, is this. The cheap-labor and related tourism policies referenced, are reflections of the replacement of the U.N.O. development-decade policies of the early to middle 1960s, by the shift of the world as a whole toward what is fairly identified as "post-industrial

utopianism." Under the influence of that dogma of "post-industrial utopianism," the so-called "third world" nations were encouraged to abandon yearnings for the attributes of agro-industrial prosperity, and choose tourism-centered cheap-labor policies, instead. Now, the policy of "post-industrial utopianism" has led the entire world into the worst monetary and financial collapse of the century.

Certainly, appropriate actions by governments, especially the government of the United States of America, could rescue national economies from the worst effects of the ongoing global monetary and financial collapse. However, in any case, the "post-industrial" policies and practices of the past quarter-century trend are hopelessly doomed. Any nation which attempts to continue those tourism-centered, cheap-labor policies of the past period to date, would be doomed, too.

Q: In the agreement signed by the Palestinian National Authority and Israel, there are plans for "industrial parks" to be built along the border between the autonomous territory and Israel. Palestinian labor would be employed there. Some people fear this may lead to the creation of cheap-labor shops, similar to the Mexican *maquiladoras* along the border with the United States. What should be the guiding principles, to ensure that this project will lay the basis for industrializing the Palestinian economy?

LaRouche: I regret that there is probably more than a little foundation for the fears you reference. That has been the recent decades' trend within the economy of Israel and the occupied territories. The impulse to continue in the direction of cheap-labor employment of that sort, is doubtless widespread at this time. Much of this involves production of cheap goods for the international markets, and is one of the ways in which much-desired so-called "hard currency" is collected.

Look at that as a kind of social-economic sickness, like a disease which has infected the body of a national economy. How do we rid ourselves of this disease? Might we outlaw it by decree? Or, might we prefer to build up healthy economic activity, which will act against the infection, like healthy cells of the immune system? I would argue, that the existence of this disease demands that we accelerate the health-giving measures: basic economic infrastructure and agro-industrial complexes. Rather than Israelis and Palestinians taking in each others' laundry, to make a weekly wage, let us have joint high-technology projects in power, water, transportation and agro-industrial technology. Let the healthy tissue take over from the sick tissue in this way.

Q: The Palestinian, Israeli, and Jordanian economies have often been compared to the Benelux countries, Belgium, the Netherlands, and Luxembourg, in that they could fruitfully cooperate as a unit. Yet, in Europe, the economies which make such Benelux growth possible are the national economies of Germany and France. In the Middle East, the only comparable national economy is that of Iraq. How do you

The idea of partnership for global peace and stability among the U.S.A., France, Germany, Russia, China, and Japan, is the idea which can prove more powerful than physical forces in establishing a new monetary order at the moment the old global financial order is disintegrating.

view the perspective for Iraq to be involved in the process, from a purely economic standpoint? Do you see any possibility for the embargo to be lifted?

LaRouche: This myth about the "Benelux" recipe is one of those unfortunate literary concoctions dreamed up by the clerks who write the boring speeches which professors and government bureaucrats read at international conferences. If people took the trouble to examine the rapid deterioration of all of the economies of western Europe, especially Britain and the Benelux, since the 1990-91 Gulf War, I think that might stop the ritual chatter about the "Benelux model."

After World War II, all of the foundations of the economic success within western Europe occurred chiefly during the period of postwar reconstruction, chiefly under Chancellor Konrad Adenauer in Germany, and under President Charles de Gaulle in France. The economy of France has been living off the shrinking heritage left by de Gaulle's indicative planning policies, just as all that remains of Germany's rapidly shrinking economy today, is the heritage of both Konrad Adenauer's chancellorship and the de Gaulle and Adenauer partnership. Leaders in other parts of postwar Europe made contributions to similar, if more limited effects; but, since the assassination of U.S. President Kennedy, the retirement of Adenauer, and London's ultimately successful destruction of de Gaulle's power in France, western Europe has been using up the now-vanishing heritage from the great leaders of the pre-1964 period. I would say that the relevant model is not "Benelux," but rather the cooperation between de Gaulle and Adenauer, the leaders of two nations between whom rivers of blood had flowed in two world wars of this century; one might hope that Messrs. Rabin and Peres, on their side, and Chairman Arafat, on his, are the "de Gaulle-Adenauer" model for the Middle East.

The Iraq model is relevant in this discussion, not only because Iraq is an important nation of the Middle East region, but because of its outstanding pre-1991 record in plowing petroleum revenues into the uplifting of the educational level and productivity of its population and the condition of its territory. I must also make the point, that during the middle 1980s, I warned the government of Iraq against trusting the circles of Vice President George Bush.

On the subject of the continued U.N.O. embargo: The present problem of Iraq may be summarized in the following

summary terms of reference. The elimination of Iraq as a functioning nation within the Middle East was not the consequence of anything bad which Iraq had done of its own volition, but of the intent of the British and U.S.A. governments, to lure the government of Iraq into a posture which could be exploited as a pretext for destroying Iraq. I believe that every well-informed government, and others, in the Middle East region, know this to be the fact of the matter, whether they believe it prudent, or not, to say such things openly today.

The immediate reason for the *timing* of Mrs. Thatcher's use of President Bush for the war against Iraq, was the rapid collapse of Soviet strategic power during the years 1989-90. Timing and the relevant, but secondary petroleum-marketing issues aside, the underlying motive for that war against Iraq, was a policy of Sir John Bagot Glubb Pasha's *Arab Bureau*, a policy known in Sir Henry A. Kissinger's 1970s U.S.A. as "The Bernard Lewis Plan," otherwise referenced, under President Carter's Zbigniew Brzezinski, as "The Arc of Crisis" policy. Since the early 1970s, the goal of that Lewis-Kissinger-Brzezinski policy was the disintegration of every existing State in an "arc," beginning, in the east, within the subcontinent of Asia, running through the Middle East, including Iran and Turkey, throughout the Arab world, and down into the Horn of Africa. The Anglo-American role in the orchestration of the coup against the Shah of Iran, was part of this policy, as was the prolonged Iran-Iraq War. Were Iraq not virtually destroyed, Iraq remained a potential fulcrum for stability in the Arab world, especially because of its economic development policy.

As a result of George Bush's capitulation to London, in organizing the 1990-91 Gulf War, the embargo against Iraq has taken on an institutionalized life of its own, still today. However, at bottom, there is only one underlying issue: London's determination to see Iraq utterly destroyed, as part of the carving of the entire "Arc of Crisis" into a pathetic array of micro-states. Until that British policy is addressed openly, and by name, there is no immediate prospect of lifting the embargo against Iraq.

Q: As the Middle East-North Africa (MENA) conference convenes, at the end of October, the world's financial and monetary structures seem on the verge of disintegration.

You forecast this disintegration well over a year ago [see *EIR*, June 24, 1994 "The Coming Disintegration of Financial Markets"]. What exactly do you say will occur?

LaRouche: The present crisis will lead to disintegration of the present world monetary and financial institutions, unless a group of nations, including the United States, acts to put the existing central banking systems into bankruptcy reorganization, under government receivership. Unfortunately, for political reasons, the government of no major power is presently disposed to take such remedial action; if they act at all, it is likely that this will occur only when the system is actually in the process of disintegration. If the governments do not put the U.S. Federal Reserve System and other central banking-systems into receivership even at that late stage of the presently ongoing spiral of collapse, the world as a whole will be plunged into a "New Dark Age," analogous to that which struck mid-Fourteenth-Century Europe, but far worse in its scope and consequences; most nations of this planet, including all developing nations, will quickly disappear from the map, all politically, some even biologically.

Q: Is there any way, that the MENA summit discussions could contribute positively to shifting the trend of monetary and financial disintegration? What would you do, if you were here in Amman?

LaRouche: There are two forces which shape history. In the short term, it is physical force which appears to be predominant. Ultimately, it is the force of *ideas*, not *realpolitik* considerations, which shapes history. Thus, the most powerful thing which U.S. President Clinton has undertaken recently, is to establish a spirit of partnership among a key group of nations: the U.S.A., France, Germany, Russia, China, and Japan. The idea of partnership for global peace and stability among such a core group of states is the *idea* which can prove more powerful than physical forces in establishing a new monetary order at the moment the old global monetary and financial order is disintegrating. The MENA conference does not have so much power as does Clinton's idea, but it can radiate a very significant influence.

What I would do there might take much time to explain. For a fuller understanding of what I would do, and why, I refer people to a recently issued policy-statement by my campaign for the U.S. Democratic Party's 1996 U.S. Presidential nomination, *The Blunder in U.S. National Security Policy*. [On the Internet: <http://www.clark.net/larouche/blunder.html>]. My summary observation is, that the delicate agreements reached between the present governments of Israel and Palestine constitute a powerful idea, illustrating the possibility of the kinds of cooperation needed to overcome even some of the most terrifying problems threatening this planet today.

Q: How will the 1996 U.S. Presidential election campaign

affect the peace process? One recent congressional vote, to move the U.S. embassy to Jerusalem, has come under harsh attack both here, and as well as by President Clinton, as the wrong signal at the wrong time.

LaRouche: On the Senate vote itself, people should appreciate the implications of the fact, that the co-thinkers of Ariel Sharon et al. in the U.S.A. are fairly described as a financial power in right-wing political circles here. Like Sharon, they are determined to destroy the peace process in the Middle East by any means possible. On this issue, these U.S. forces are acting in alliance with the Conservatives in London.

The Republican Party is bidding for the support of all right-wing financial circles, including Sharon's allies. Sharon's allies are among the right-wing enemies of President Clinton, as they are allies of Britain's right-wing Tories and enemies of Chairman Arafat, Prime Minister Rabin, and Shimon Peres. Although Sen. Robert Dole is not in the same category as fanatics such as Speaker Newt Gingrich, Pat Buchanan, or Sen. Phil Gramm, he is manifestly obsessed by his zeal to win both the Republican Party's Presidential nomination and the November 1996 election. In short, the entire affair is to be evaluated as dirty politics during a hot U.S. election-campaign.

During the recent decades, the philosophical fascists of the late Friedrich von Hayek's Mont Pelerin Society have accumulated vast, well-financed political power inside the United States. Nearly all of the Nobel Prize-winning economists of the post-1945 period have been followers of Mont Pelerin Society ideology. The Heritage Foundation, and most of the right-wing "think tanks" are fronts for the Mont Pelerin Society. Phenomena such as Sen. Phil Gramm and Speaker Newt Gingrich, as well as William Kristol (the son of *New York Times* neo-conservative Irving Kristol) are an expression of this spread of fascistic philosophy, especially within the right wing of the Republican Party. The fanaticism shown by the Gingrich conservatives within the U.S. House of Representatives, expresses this unabashedly Nazi-like philosophy.

However, there is a growing revolt against Gingrich and his "Contract with America" program. The growth of President Clinton's popularity, the success of the "Million Man March" in Washington, this past Oct. 16, and the recent election of a new president by the leading U.S.A. trade-union organization, the AFL-CIO, are typical reflections of this growing, anti-right-wing upsurge.

There are no guarantees; the anti-Mont Pelerin Society Democrats have not yet won the 1996 general election, for example. However, the possibility of winning is now clearly in view. We must work to ensure that we succeed. If we win, the implications for the Middle East are at least in the direction which the nations of the Middle East might desire.