national agreements among members respecting tariffs and trade.

2. Monetary Functions More Generally

To facilitate maintenance of parity of exchange-values among the currencies of the member republics, and to defend those currencies as a bloc against external manipulations.

3. A Development Bank (Investment Bank)

The bank serves as a coordinating agency for planning investments and trade-expansion among the member-republics. To aid in implementation of such agreements, the bank coordinates the mobilization of money-capital needed to ensure that all aspects of the agreed programs are adequately supplied with investment-development capital.

There are two principal sources of money-capital for expansion: intra-system, and foreign.

We have specified a monopoly for creation of money-credit by sovereign governments, denying this power (e.g., outlawing the "Keynesian multiplier") to any private agency. We have thus ensured that the otherwise idled, salable goods, goods-producing capacity, and labor of each and all nations shall be adequately employed, insofar as performance-worthy borrowers-entrepreneurs are willing to borrow at low interest-rates, to put those idle resources to work in a manner consistent with national priorities for categories of development.

The establishment of a customs union of the type proposed, means that the currency-notes of each republic can be issued as medium-term to long-term capital-goods export-loans-capital to fund exports of its capital-goods production within the customs union. We have eliminated the need for a third-party lender among those republics. We have established a greatly enlarged autarkical development-potential among the members of the customs union.

This system of intra-bloc medium-term to long-term capital goods-export lending will operate soundly, on condition that the payments for such loans are predefined in terms of the importing nation's repayment through earnings from its own capital-goods or other exports within the bloc. There is, therefore, an underlying, medium-term to long-term barter basis for these agreements.

Furthermore, for this and related reasons, it is desirable that the member-republics should prefer to purchase their imports from within the bloc, rather than from without it. A sharp and growing reduction in relative columns of imports from outside the bloc should occur relative to existing categories of imports. The extra-bloc purchasing and borrowing potential of the bloc's member-republics should be concentrated for purchases of high-technology capital goods.

This is not a dilution of the sovereignty of the member-republics. In negotiations for lines of medium-term to long-term credit, to implement multi-member-republic projects, the representatives of each republic will negotiate sovereignly, but with backing from the common banking institution, and thus, implicit backing from other member-republics of the bloc.

However, respecting financial relations within nations outside the bloc, the sovereign member-republics seek to negotiate loans for capital-goods through the facilities of the common bank, and to clear payments against such loans through that same common bank. This strengthens the bank's power to maintain a common defense of the currencies and credit of the member-republics. Not only are the members better defended, but the creditworthiness of each nation is increased; the creditworthiness of each and every nation of the customs union is greater than it could be outside that customs union.

To aid this, a common currency of account should be established for the customs union. Loans negotiated through the common bank will be denominated for payment in this common currency of account.

However, the bank will not be responsible for the debt of sovereign republics. Rather, the sovereign republic will settle its debt through its account with that common bank, and will settle in denominations of the common currency of account.

This bank will soon become one of the most powerful financial institutions in the world, especially in the opinion of capital-goods exporting nations. . . .

A proposal to solve Africa's debt crisis

by Lyndon H. LaRouche, Jr.

The memorandum excerpted here was issued under the title "Resolving the Debt/Credit Crisis of Africa," on April 23, 1986, by EIR Nachrichtenagentur GmbH. The maps have been added.

According to data compiled by *EIR,* from census-data collected by various international agencies, we have the following 1982 estimated comparisons of certain crucial statistics, for North America (the U.S.A. plus Canada), western Europe, and Africa (**Table 1**).

Although these comparisons are based on census figures, which have a margin of inherent error, they are sufficiently accurate to illustrate the essential point, and conclusively so. Africa, which has an agricultural area twice that of the United States and Canada combined, and an agricultural work force 40 times that of North America, is starving.

If we deduct three regions of Africa, the Mediterranean region, Nigeria, and South Africa, the picture of the rest of Africa stands out more clearly (**Tables 2** and **3,** and **Figures 1** and **2**).

The reason that African food production is so poor, is shown most clearly by comparison of energy consumption per hectare of usable land area (**Table 4**).

TABLE 1
Per-hectare development
(1982 estimated comparisons)

	No. America	W. Europe	Africa	So. Africa
Land (million hectares)				
Total	1,834	368	2,957	267
Agriculture (million hectares)	499	151	947	196
Population (millions)	259	343	507	53
Over 15 years old	168	221	242	18
Work force (millions)				
Total	116	146	171	12
Agriculture	2.6	10.6	109	4.3
Industry	36	61	20	3
Infrastructure	0.2	5.5	0.6	0.5
Raw materials	0.1	0.9	0.2	—
Energy produced (trillion kilocalories)				
Total	20	8	5	1
Non-thermal	3.5	2.6	0.2	—
Electricity	2.7	1.6	0.2	0.1
Energy consumed (trillion kilocalories)				
Total	20	12	2.8	0.9

TABLE 2
Africa, internally

	Total	Mediter.	Nigeria	So. Africa	Other
Land (million hectares)					
Total	2,957	500	91	267	2,099
Agriculture	963	93	51	196	623
Population	507	52	85	35	335
Over 15 years old	242	15	44	18	165
Work force (millions)					
Total	171	6.5	32	12	120.5
Agriculture	109	1.6	17	4.3	86.1
Industry	20	1.7	6.9	10	14
Infrastructure	0.6	—	—	0.4	—
Raw materials	0.2	—	—	—	0.2
Energy produced (trillion kilocalories)					
Total	5	1.4	1.0	1	1.6
Non-thermal	0.2	—	—	—	—
Electricity	2.4	0.3	—	1.3	0.8
Energy consumed (trillion kilocalories)					
Total	2.8	0.2	0.3	0.9	1.4

TABLE 3
Population densities
(per 1,000 hectares usable land)

World Average	333.99
North America	233.40
Western Europe	1,025.94
Africa	193.61
Med. Africa	96.80
Nigeria	616.61
South Africa	86.58

TABLE 4
Per-hectare energy consumption
(1,000 kcal./hectare usable land)

World Average	16,463
North America	42,801
Western Europe (avg.)	89,447
Scandinavia	142,213
Mediterranean	42,851
Other W. Europe	113,879
Africa (avg.)	2,887
Mediterranean	2,673
Nigeria	6,027
South Africa	4,640
China	12,865
North Asia*	500,201

*Chiefly Japan, Taiwan, South Korea

The foregoing is made clearer, by considering also the comparative figures for energy production per person (**Table 5**).

The general problem of Africa's economy, is a gross underconsumption of usable energy, both per person and per hectare of usable land. The leading feature of this problem, is a monstrous underproductivity of agriculture. In other words, the only major problem with Africa's economy is a lack of American and European industrial and agricultural technology. In other words, those who propose to limit Africa's economic development to so-called "appropriate technologies," are proposing the mass-murder of black Africans through famine and disease. Unless present monetary and economic policies toward Africa are drastically changed, not less than something between 50 and 100 millions Africans will die of the effects of famine and epidemic diseases during the decade or less immediately ahead, perhaps as much as twice that number. Public health measures, headed by adequate diet, safe water for drinking, cooking, and washing, and elementary types of modern sanitation and inoculation, are at the top of the list of rudimentary measures needed to prevent a genocide vastly greater than that suffered under the Nazi regime.

TABLE 5
Energy production and consumption per person
(in 1,000 kcal./person)

	Production	Consumption
World Average	23,494	22,220
North America	77,927	83,900
Western Europe (avg.)	23,219	37,496
Scandinavia	80,770	78,754
Mediterranean	6,078	21,617
Other W. Europe	26,835	41,805
Africa (avg.)	12,521	6,439
Mediterranean	48,323	7,409
Nigeria	14,357	3,797
South Africa	31,669	29,152
North Asia	5,304	24,350

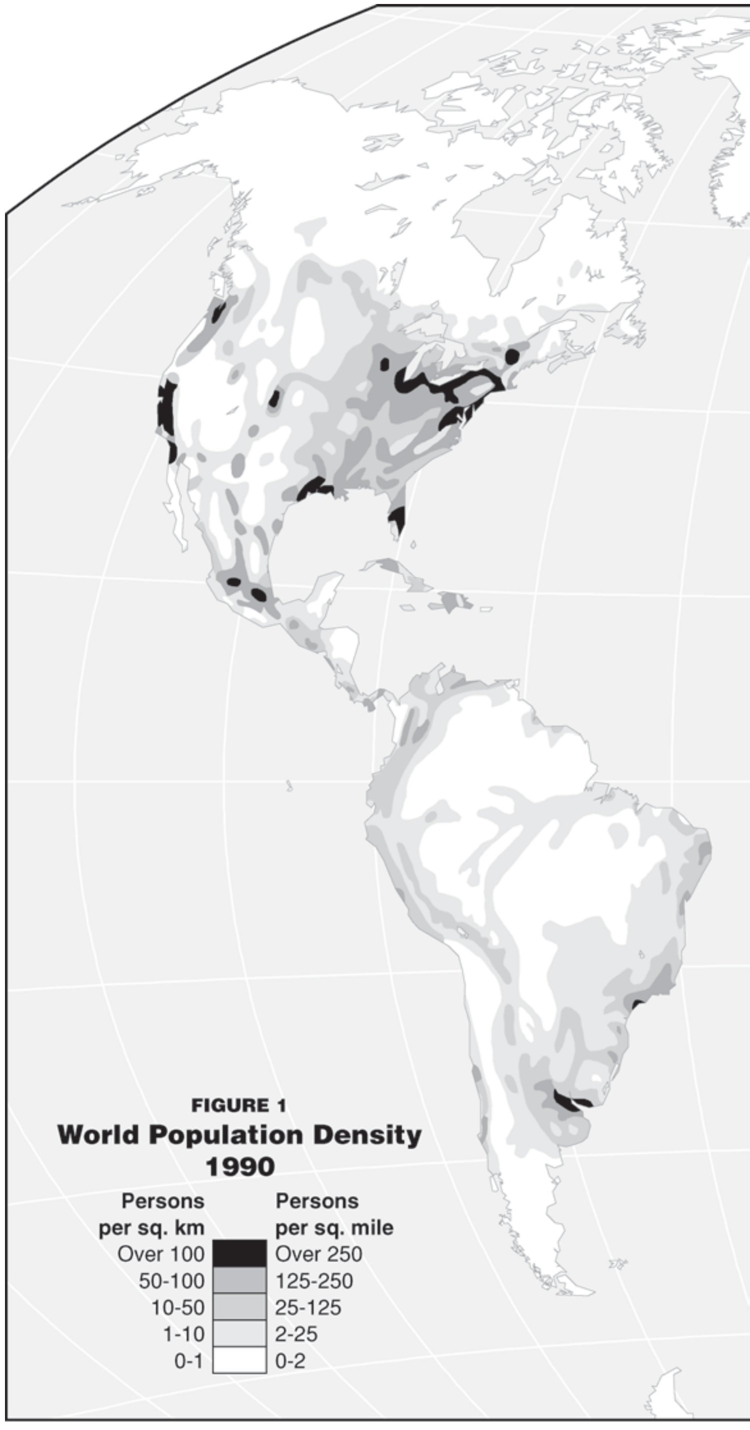


FIGURE 1
World Population Density 1990

The principal causes for the spread of famine and disease on the present scale, do not originate within Africa itself. The chief causes are those policies of supranational financial institutions and international monetary agencies which have come into being, since 1971, under the IMF's "floating exchange-rate system."

1. African nations' national currencies are forcibly reduced to a fraction of their true value, such that African exports generate much less than a fair level of national incomes, and African imports from industrialized nations are exorbitantly priced.

2. Africa's export markets have been progressively reduced by the North American and European nations' internal policies, of shifting from industrial, to so-called "post-industrial" economies.

3. Especially since 1979, and most drastically since 1982, the external debt of African nations has been pyramided by usurious refinancing terms, externally imposed by international monetary agencies, as "conditionalities" of the IMF and World Bank. The debt-service on this pyramided indebtedness devours not only the African nations' modest export earnings, but also other portions of national incomes.

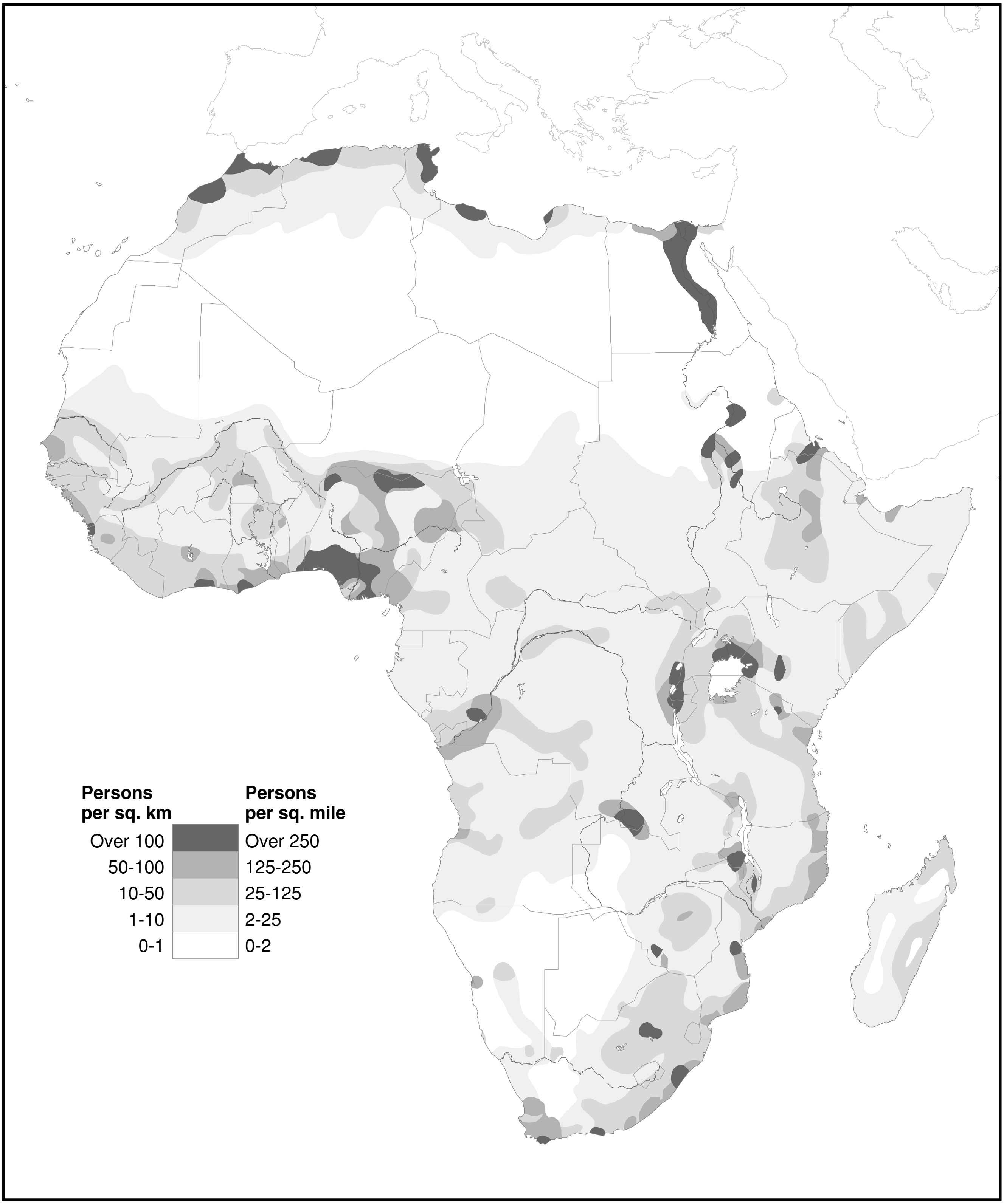
4. International monetary authorities have used the pretext of certifying a nation's creditworthiness, to impose sweeping "conditionalities" upon governments of African and other nations, and this to the degree that developing nations generally have been reduced to the same state of foreign subjugation which existed prior to independence. Worse, the authors of these "conditionalities" are guided by genocidal, neo-Malthusian "population" policies, to the degree that the "conditionalities" imposed by the IMF and other relevant agencies are precalculated to promote accelerated death-rates through the effects of famine and disease.

5. Since early during the 1970s, African nations' dependence upon foreign food subsidies has enabled the relevant foreign governments to control the policies and ministerial appointments of African governments, by threatening to cut desperately needed food supplies should the government fail to comply with certain requirements of governmental policy and composition of government. This mechanism has been used, repeatedly, to force African governments to abandon the kinds of developmental policies which might have alleviated the misery of their populations.

6. The most immediate and general need of Africa as a whole, is a combination of large-scale and subsidiary projects in development of basic economic infrastructure: waterways, ports, railways and tributary highways, freshwater management, energy production and distribution, sanitation, and basic urban infrastructure. Over the past 15 years, such projects have been opposed with increasingly ef cient vigor, by international banking and monetary authorities. Yet, without those infrastructure-building programs, no signi cant improvement in agricultural output and industrial development is possible.

7. For various reasons, the optimal, principal source of new energy supplies for most African nations, is nuclear energy, and the development of agro-industrial nuclear-powered complexes (sometimes called "nuplexes") along coasts and major inland waterways. Smaller nuclear-powered generators, in the 100 megawatt or smaller range, are the most

FIGURE 2
Africa's population density



general need.

Provided we might assume, that import of European and North American agricultural and industrial technology might become available, on reasonable terms of trade and financing, the principal remaining obstacles to economic development, are very poor life-expectancies and marginal education.

For example, European levels of technology cannot be employed generally, unless the young are provided a European quality of education through a school-leaving age of 16-18 years, average. It is most difficult to support a new member of society through the first 18 years of life, if the average life-expectancy of surviving infants is in the order of 40 years. European technology requires a life-expectancy in the order of between 60 and 70 years among households of the labor force generally.

This relationship of interdependency, between education and life-expectancies, is twofold. First, since the support of young persons, below 18 years, must come from the physical output of members of the labor force over 18 years, the number of years of productive labor of each member of the labor force, sets a limit on the level of education which can be provided to the young. Also, since the education and later skills-training of youth constitute an investment by society, the "life of that investment" is of first-rate concern to the economy as a whole. The longer the life-expectancy, the greater the average relative productivity of the labor force as a whole.

Thus, both improvements in quality of nutrition and in public health measures of sanitation and immunization, ought to be among the highest priorities for Africa as a whole.

Can remedies be implemented?

What I have reported thus far, varies very little from what leading Africans and others have stated publicly on many occasions during the past 20 years. This has been emphasized in several conferences of the Non-Aligned Nations, most emphatically at Colombo in 1976, and at Delhi in 1983. What is seldom said publicly, but which desperately needs to be said openly now, is that there is no hope for any part of the continent of Africa, unless there is an early and sweeping overturn of every policy resembling the present and recent policies of the International Monetary Fund and World Bank. Within the setting of the present policies of those institutions, no African government is capable of any economic undertaking which could halt the spread of famine, disease, and bloody social chaos throughout any part of the continent.

As I have indicated, there are measures which could put African nations on an upward course, measures which are objectively feasible, measures which most African governments would approve as desirable options. Without such measures, the situation of the entire continent is much worse than desperate; the situation is utterly hopeless. Yet, no such measures will be allowed in any part of Africa, as long as the current policies of the IMF and World Bank remain in force. A few token measures in such directions might be tolerated by the international monetary authorities, token measures which would have no more effect than a few drops of water in a vast desert.

For the most part, most African governments know this to be true, and yet almost none of them dare to say so publicly. The reason for this, is not properly called cowardice; more than once, governments which challenged the policies of the international bankers and supranational monetary authorities have been overthrown, sometimes bloodily. Courageous leaders have been assassinated; sometimes, members of their families, too. At Colombo, in August 1976, the Non-Aligned Nations bravely resolved policies which would have changed the world very much for the better, but a few weeks later, only one of those leaders dared to support the Colombo resolution openly at the General Session of the United Nations; a few months later, the World Bank forced him into exile from his own nation. When Pakistan's Prime Minister Zulfikar Ali Bhutto attempted to act according to the spirit of the Colombo resolution, Henry Kissinger threatened him, "We will make a horrible example of you, Mr. Bhutto." At Delhi, in 1983, brave and good policies were adopted, but no one dared attempt to implement the adopted resolutions. These are not cowardly people, certainly Prime Minister Indira Gandhi was no coward; these are political leaders who know that the forces behind the IMF "conditionalities" doctrine are killers, who will overthrow governments, launch waves of assassinations, and even destroy nations, for the sake of defending "conditionalities" doctrines. What can individual African nations' governments do, when much stronger governments are afraid to challenge IMF and World Bank policies openly?

The fact remains, that unless those "conditionalities" policies are overturned, there is no hope for the people of any part of Africa. . . .

If the present "conditionalities" policies are continued, most of the population of Africa will be wiped out by the proverbial "Four Horsemen of the Apocalypse." The threat of infectious disease, is far more menacing, more deadly, than the effects of a thermonuclear war between the superpowers. AIDS, a pandemic infection with a probable 100% rate of fatality, underscores that fact; the fact would be true, although perhaps less immediately so, if AIDS had not erupted.

During the past two decades, governments have submitted to IMF and World Bank "conditionalities," usually on the presumption that by submitting to such demands today, governments would survive until a future time, when the wrongness of the "conditionalities" policies might be generally recognized. The degree of suffering the nation endured because of the "conditionalities" policies, seemed a lesser evil than the bloody chaos which would probably erupt if the nation resisted the "conditionalities." True, governments foresaw that IMF and World Bank policies would lead to murderous ruin during years ahead; one might hope that before that time arrived, the IMF policies would be changed for the better.

Now, yesterday's tomorrow is today. What might have been seen, a few years back, as a ruinous future, is the reality erupting now. The spread of famine and epidemics is proceeding at the gallop; famine and epidemic are becoming as immediate, and more deadly a threat, than the murderous threats of the IMF "conditionalities" backers. Assuming the continuation of "conditionalities" policies, most of Africa has several years, perhaps slightly longer, before the fatal effects of the "conditionalities" policies become irreversible. To that degree, the time for nations to act against "conditionalities" is now or never. . . .

The debt question

The aggregate foreign indebtedness of the developing sector is in the order of $800 billion and even most of this amount does not involve any net outlays to the debtor nations. Most of this indebtedness was imposed by pyramiding the refinancing of old debts at usurious rates. What the lenders loaned the nation, in recent years, was not money, but a mere bookkeeping entry! If a private lender had engaged in such usurious practices within the United States, prior to 1979, that lender would have been arrested as a "loan shark" and sent to prison with the label of "member of organized crime," as he would have deserved: scarcely the quality of an "honest debt."

This developing-sector debt compares with more than $10 trillion of debt obligations of industrialized nations, the largest part of that $10 trillions owed by the United States! The external debt of Africa, is the smallest part of the debt as a whole, and could be simply written off with no great inconvenience to the banking system as a whole.

Presently, virtually the entire international banking system is bankrupt. That is, current liabilities exceed provable current assets by a substantial margin, especially so in the case of the U.S. banking system. By ordinary standards of U.S. law, most U.S. banks are perpetrating a fraud, by continuing to receive and issue credit when they are in fact already bankrupt. In this circumstance, there is only one sensible action to be taken: reorganization in bankruptcy.

If any private firm were as deep in bankruptcy as the international banking system is today, the judge in bankruptcy proceedings would recommend a merciful extinction of the firm, at whatever price sale of its assets would bring at public auction. When entire nations, or their banking systems, are utterly bankrupt, such merciful extinction of the bankrupt entity is not morally permissible. Nations are people; only an Adolf Hitler or his like, would propose to eliminate an entire people as "useless eaters." So, when nations, or their banking systems, go into bankruptcy, we do not liquidate them at auction. We reorganize the nation, to put it on a sound economic footing; in the course of this, we settle its debts at some fraction of the total nominal amounts, a fraction small enough to permit the nation to restore its economy on a self-sufficient financial basis.

Generally, debtor nations prefer to repay the principal value of their debts in full. This is more than merely a noble sentiment; it is very important that the pledged word of a nation be as "good as gold," so to speak. So, we prefer to make arrangements, under which all or much of the future interest payments on past debts are written off, but it is agreed that the total amount due up to the moment of declared bankruptcy will be paid off in full, at some later date. In the case of certain nations, whose debt is essentially a carried-forward debt from an earlier colonial period, in which the nation is wretchedly poor, it is better for all concerned, that the debt simply be written off entirely. In other cases, the nation itself would prefer to make an arrangement to repay all its past indebtedness in full by some future date.

The technicalities of repayment, in such cases, are really quite simple. The debtor nation issues a series of bonds, which it offers in place of its debt to date. By arrangements with relevant governments, the value of these bonds is secured at par value, pending the scheduled date of payment on each bond of the series. By means of this arrangement, the debtor has replaced the creditor's non-performing financial asset with a valuable asset. The intelligent creditor will gladly accept this arrangement, even though it means that the debtor, instead of not paying the old debt today, will actually pay the same amount some months or years in the future. The creditor might prefer to have payment today, but since that is impossible, the creditor, if he is rational, will realize that the new arrangement is the best possible solution. . . .

. . . Reorganizing the debt is not a major problem. The major problem, is fostering a growth of the economies of the developing nations to levels at which they could meet their payments on the new series of bonded debts.

The principal means, through which we shall build up the per-capita output-rates of developing nations, is the export of capital goods from industrialized to developing nations. For that purpose, the exporting countries must extend trade-credit to the importing nations. This credit-mechanism requires the following included measures:

1. Values of currencies must be fixed at durable, long-term values with respect to one another. The guaranteeing powers, must aid this system of fixed parities, by establishing afresh a gold-reserve basis for international trade, setting the price of gold at levels consistent with the production of an adequate supply of monetary gold.

2. All nations must adopt measures which prevent both economic (cost) and financial inflation of their currencies. This may begin with currency reforms. Anti-inflationary action is sustained over the longer term, by aid of "dirigist" policies of credit-issuance and taxation, to the effect of steering the largest portions of newly created credit and investable savings into technologically progressive forms of investment in production of physical goods and development of basic economic infrastructure. In other words, we must ensure that the values of currencies are based on a hard-commodity value; a currency is valued in terms of the relative value of the amount of physical goods that currency will purchase in the

nation which issues that currency.

3. The mechanism for generation of new credit, credit in excess of producer's credit to buyers or savings, must be only the lending of currency-notes issued by governments' treasuries through national banking systems. The loan of the newly created credit, in the form of loan of currency-issues, should be restricted to investments in production of physical goods or infrastructure, including credit for export of produced physical goods.

4. This must be reenforced by trade-agreements among governments, bilaterally and multilaterally, which have the effect of stimulating international trade. Such agreements should include multilateral agreements of co-sponsorship of major infrastructure projects of those types which are generally beyond the capacity of any one nation.

5. Governments must work to establish an international consensus respecting general goals of emphasis in advancement of technology. . . .

The 'Oasis Plan' for Mideast peace

by Lyndon H. LaRouche, Jr.

On July 8, 1990, during the buildup to George Bush and Margaret Thatcher's war against Iraq, Lyndon LaRouche issued this call for an "Oasis Plan," to provide the basis for a lasting peace in the Middle East. The following is edited from oral remarks. (LaRouche was, at the time, in prison—a political prisoner of Bush and his Anglophile political faction.)

In reality, in absolute terms, this is the time to revive the content of "peace through economic development" in the Middle East.

Many will object that this is a revival of what was most recently described as the new Marshall Plan proposal of former Israeli Prime Minister Shimon Peres, and, for reasons related to Peres's sponsorship of these ideas, many will say today that an "Oasis Plan" of that sort is out-of-date, is unworkable, should not be considered to be a politically practical proposition. Peres is out of the prime ministership and, for the moment, is not seen as likely to return, nor is an Israeli politician of his type on this matter likely to return.

The second difficulty, is the international financial situation, particularly the absolute desperation—hysteria—of the two great basket-cases of the English-speaking world: Great Britain and the United States. Both are determined to impose upon the entire world the particular type of free-market insanity which has successfully ruined, altogether, the British economy, and has plunged the United States into a hopeless condition of bankruptcy, at least under present monetary and banking rules.

Therefore, it will be argued that the superpowers, and the nations under the domination of the Anglo-American influence, would refuse to allow the conditions needed for a Middle East economic reconstruction, with an emphasis on infrastructure-building.

However, despite these and related objections—ideological, strategic, and other—the fact remains that the price of *not* having what I would call, perhaps, an Oasis Plan for the Middle East, a peace settlement based on the Oasis Plan, is beyond belief, not only for those living in that area, but for any outside.

Let me review this, look at the world condition, and then come back to the guts of an economic peace plan, an Oasis Plan for the Middle East today.

The superpowers look for new enemies

What has broken out is not "peace," but probably a temporary accommodation based on respective desperation between two empires—the Anglo-American and the Muscovite. What has been created is a condominium, which is partly a recurrence, and partly wishful reaching for the goals of the former Trust arrangement of the 1920s, and the hoax of wishful Western thinkers in negotiations with Stalin during the Yalta period and immediately after. In the context of this sentimental embrace of Gorbachov on the one side, and British Prime Minister Margaret Thatcher and President Bush on the other, the superpowers are looking for new enemies—especially the United States, the Anglo-Americans. The British, of course, find a traditional enemy in Germany, and are determined to frustrate it by any possible means; that's the leading tendency in London, the tendency which brought us two world wars in this century, first by orchestrating World War I, beginning with the overthrow of Hanotaux in France, and, second, with the New York-London, Harriman-Morgan-Montagu Norman efforts to back [German Economics Minister] Hjalmar Schacht in forcing Adolf Hitler's dictatorship upon the German people in the 1932-34 period.

These forces, in Moscow, and especially the Anglo-Americans, have adopted as their adversaries for economic warfare Japan, western Europe, and a few nations such as India. They have adopted for their principal adversaries the nations of the southern part of this planet—inaugurating a North-South or a population-environment war.

These are fanatical people in the West, oriented toward the revival of pagan imperial Rome, who, like Hitler—who was of a similar persuasion—see the problems of modern Europe as the undermining of pagan imperial Rome by the introduction of the Jewish monotheistic God and the political triumph of that God in the guise of Christianity. Hence, the rationale of Hitler's anti-Semitism and his stated goal of eradi-