

Strategic minerals: pivot for the economic reconstruction of Bolivia

by Lyndon H. LaRouche, Jr.

Since Operation Blast Furnace, the Bolivian government's campaign against the cocaine mafia which enlisted the collaboration of the U.S. military in July of this year, there has been widespread discussion of Bolivia's economic future without cocaine. This memorandum on the subject was prepared by EIR contributing editor LaRouche in early September.

Presently, the Soviet empire and southern Africa have a virtual monopoly on production of crucial parts of the spectrum of essential strategic minerals. The only significant alternative, is development of the potential along the western mountain-chain of the Americas. Bolivia has an outstanding potential.

Whatever occurs in southern Africa during the coming period, the major potential alternative sources of produced minerals must be developed. This fact becomes the key strategic factor in the shaping of policies for the prospective economic reconstruction of Bolivia. For the Americas generally, plus Japan and Western Europe, Bolivia's development of these potentials is properly seen as a high priority. This need, in turn, represents the potential market Bolivia requires for such an undertaking. A consensus must be established within the Americas on this matter.

Assume that such a consensus is established, at least among Bolivia and some of its major potential markets. In this case, a clear strategy for rapid improvement of Bolivia's economy comes into view.

From the standpoint of the OECD nations, especially the United States, a very significant supply of strategic minerals from Bolivia and adjoining nations should be flowing within two to three years. Therefore, it is in U.S. interest, in particular, to make substantial commitments to purchases from these sources. These commitments must be large enough to justify the investments needed to accomplish this development at the source. The fact that alternative sources of supply may be in existence, would not be a justifiable excuse for not making adequately large pre-commitments to Bolivia et al.

This would define a three-legged general strategy for Bolivia's economic development: 1) development of food-supplies adequate for the development program; 2) development of basic economic infrastructure adequate for both the agricultural and industrial development; 3) concentrated urban-industrial development in the relevant areas of extraction and processing of strategic minerals.

The "skeleton" of needed infrastructural development, is a grid-system of energy and transport defined by the economic geography of combined agricultural- and mineral-production factors. The energy and transport grid, is obviously defined both by such an internal economic geography, and Bolivia's access to ports and other relevant foreign destinations, in Argentina, Brazil, Chile, and Peru. This implies significant economic-cooperation agreements and project-actions, in concert with some or all of these neighboring nations.

Much of the infrastructural development required, is obviously best assigned to a military engineering force. The implications of the undertakings, are in the largest degree, those best accomplished in the Americas, during past centuries, by such choice of means. This implies the augmentation of military engineering capabilities, for purposes consistent with the successful practice of the U.S. Corps of Engineers. The mode of combined action by military-engineering and civilian-engineering agencies is well known, and need not therefore be discussed further here.

What must be stressed in this connection, is the fact that employment and on-site educational development and other training of unskilled and semi-skilled labor, in engineering projects, is a path of least resistance for developing an industrial labor-force.

A comprehensive plan of national economic development is needed. Such a plan could be developed quickly, if sufficient combined resources of public and private agencies, nationally and internationally, is applied to this purpose.

The political and economic feasibility of such an undertaking, can not be considered apart from the fact that the

world is gripped by the onset of a new general financial crisis, like that of 1931-32, but potentially far more profound. We must view this crisis, not with dismay and pessimism, but with the appreciation that the collapse of existing monetary institutions and policies, forces the matters out of the hands of monetary and financial institutions, into the hands of governments.

Governments will be faced with the urgency, not only of monetary reforms designed to foster a shift into expanded rates of physical-economic growth; governments must assume a leading role in organizing large-scale projects, domestically and internationally, to the effect of setting a general economic recovery into motion.

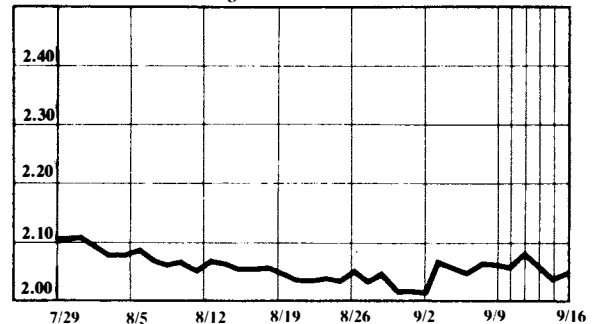
The prospects for the nations of Hispanic America will vary with the way in which governments react to the deepening of the present international financial crisis. The response by the government of the United States is obviously crucial. Happily, President Reagan has shown a capability for command decisions, which we may hope will be shown again in face of the presently deepening financial crisis. The more other governments demonstrate to the President, their intent to succeed in programs to foster economic growth, the more he and heads of other OECD nations' governments will tend to favor the kinds of policies Bolivia, for example, requires. In those matters which bear directly on the strategic capabilities of the United States and other OECD nations, a favorable response is the most likely.

Finally, the present policies of a nation's government are less important than the nation's vital interests. In severe crisis, policies are often changed drastically, to conform to the requirements of painfully perceived vital interests. It is in the vital interest of the OECD nations, and Bolivia's immediate neighbors, that such an undertaking succeed, and soon.

Currency Rates

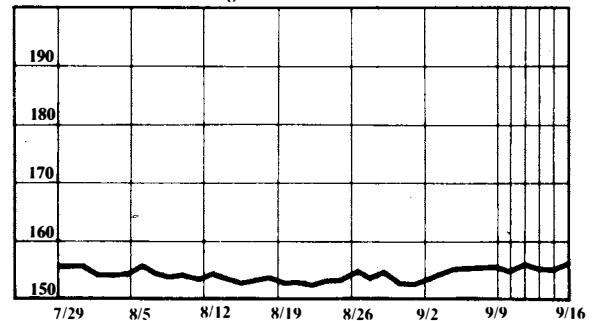
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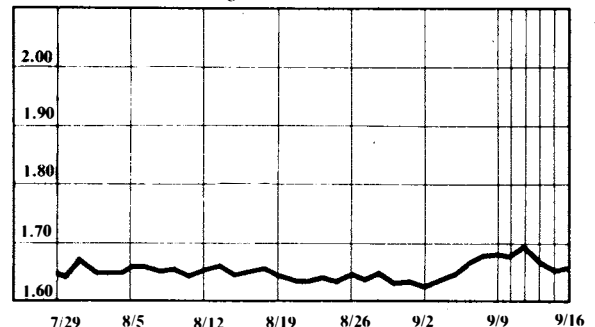
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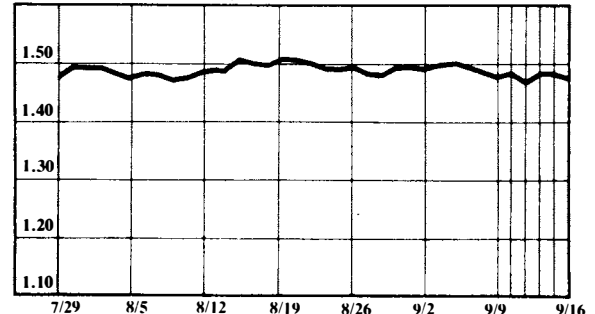
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