

The Ramo Plan

Liberating all Nations from the Debt Burden

The near collapse of the international banking system in September 2008, and the Great Recession that followed have exposed the seriousness of the financial problems facing Europe the United States and many other countries. Due to this crisis, many states were forced to bail out troubled banks and failing corporations, and adopt expansionist policies to stimulate contracting economies. As a result, borrowing to cover spending increased substantially, causing budget deficits and the public debt of most nations to rise rapidly and reach, in some cases, unsustainable levels.

In view of the near default of Greece, Ireland and Portugal, global awareness of the threat posed by a growing public debt was heightened, giving rise to a euro zone crisis. Today, many states are facing a complicated dilemma: how to reduce budget deficits to contain rising public debts on the one hand, and stimulate stagnating or slow growing economies on the other.

All indebted nations subscribing to the free market system are in a bind; the goals they seek to accomplish are contradictory; and the actions they must take are incompatible. While reducing deficits to contain debt requires reducing spending and raising taxes, stimulating economies and creating jobs require more spending and tax reductions. Since there is no formula in economic books to achieve these contradictory goals, a new formula has to be invented to enable nations to resume healthy economic growth and create jobs for the unemployed without widening deficits or increasing the public debt.

This paper articulates a plan to liberate all rich and poor nations from the debt burden, restructure the international monetary system, and create the necessary conditions for sustainable global economic and sociocultural development and peace, while guaranteeing fairness. The plan has come as a result of deep thinking about the woes of our times; the duty to help poor people and desperate children climb out of poverty; the need to save students from debt and inadequate education; and a moral responsibility to liberate oppressed young women and men from social enslavement and radicalism: the plan also aims to free future generations from the burden of a debt incurred by previous generations. Since the intention of the plan is to help everyone, it neither asks investors nor bond holders to sacrifice anything, nor calls for the redistribution of income or wealth or tax increases; it is designed to help everyone and penalizes no one.

But before outlining the plan, a few facts related to global change need to be underlined. Analyzing these facts is meant to place the major economic challenges of our times in their proper historical contexts; otherwise, it would be difficult to explain the nature and extent of global change, its roots and expected socioeconomic and strategic implications. And this, in turn, would limit our ability to think about the challenges of our times with clarity, and approach them with fair-mindedness and confidence.

Global Context of Change

Globalization and the communications and information and the information technology revolutions of the last three decades have caused national economies, cultures and politics to be transformed; they created a global economy that forced economic and social structures and production relations to change, causing the nation state to lose control over its economy. They also caused most industrial societies to enter a transitional period leading to a new, much complex civilization, having its own society, culture and economy. During transitional periods that take societies from one civilization to another, it is always easier to describe change than identify its causes, influence its course, or predict its outcome. As change proceeds, it invalidates classical economic and political theories, causing them to become dysfunctional, while no new ones are developed in time to take their place and deal with the evolving consequences of change. They also cause economic, social and political structures to change, and create a [trust deficit](#).¹ And this causes society's capacity to deal with the new reality to decline, creating need for new ideas and laws to regulate transactions and guide nations into a largely uncharted future no one can escape.

The experience of a society passing through a civilizational transition is similar to that of a driver entering a rough mountainous terrain. As he makes a long curve on a winding road, he loses sight of the landscape that lies behind, while the mountains he negotiates block the view of the landscape that lies ahead. As his speed and control of the vehicle become subject to the terrain, his expectations and confidence become subject to the ups and downs of the road. The familiar landscape that lies behind no longer helps; the horizon that lies along the road provides little clues to what lies ahead.²

The transition that started in the Western states around the mid-1990s has disrupted life as we knew it; it dissolved the connection between the immediate past and the near future, causing the industrial age to lose its sense of direction. But as the industrial age comes to an end, the knowledge age is still in labor being born, leaving the present waiting for the unknown. The present we are living today has been reduced to a mere port where the past is ending its long journey, while the future is getting ready to begin its own voyage into a new world.

Consequently, people and the systems through which they function are experiencing one crisis after another without much hope of regaining balance soon.

The internationalization of the major trade, investment and financial markets, starting with the formation of the World Trade Organization in 1995, has caused national economies to be integrated, forming a **global economy**; as a consequence, major national issues have become international and major international issues have become national. There is no major national problem today without an international dimension; and no international problem without a national root. As a result, the ability of every state to deal with major challenges on its own has been vastly weakened. The debt crisis is one example that demonstrates the intricate and complex relationships that tie national and international institutions together and cause even regional approaches to dealing with such issues to fail. In fact, the moment a civilizational era ends, its history and historical logic ends as well, forcing the new era to struggle alone to discover the logic of its times and write its own history. For example, when the Industrial Revolution arrived with its unique society and culture and economy in the second half of the 18th century, the history of the agricultural era and its logic ended, causing that history to lose its wisdom and become of little use to the industrial society; it also caused the major institutions of the agricultural era to lose their social role and ability to survive.

The rapid industrialization of South Korea, China, India, Brazil and few other states has caused the global capacity to produce most essential goods and services to exceed the global capacity to absorb such goods and services. Meanwhile, the continued expansion of this capacity has caused competition to intensify and economic growth rates of industrial states to slow down. This creates an urgent need to expand global markets to keep pace with the growing production capacity. Since the absorption capacity of the industrial states is fast approaching its limits, due in part to the shrinking size of the middle class, aging populations and an ever widening gap between rich and poor, efforts to develop new markets must concentrate on countries where economies are still largely underdeveloped.

Free trade and investment markets have changed the rules that govern relationships between jobs and job-seekers, particularly the industrial and knowledge jobs. Two decades or so ago, many job-seekers had to leave their towns, sometimes their countries, and at times risk dying to reach a country where decent jobs are available to help them improve their life conditions. While economic migration continues, most immigrants lack the education and skills needed to excel in the new knowledge-based economy. Thousands of people die each year trying to reach Europe and the United States in little boats sailing against turbulent winds, and walking across vast deserts controlled by criminals and drug dealers.

In contrast, industrial jobs travel from one country to another looking for cheap and disciplined labor that has the right skills and attitudes to do the work manufacturing requires, while knowledge jobs travel, often virtually, looking for workers with the right education and exceptional talents. Highly qualified people do not need to leave their towns to get good jobs with corporations residing in faraway places. Since multinational corporations have abandoned traditional attachments to labor, community and country, they are willing to hire anyone and invest in any country to maximize profits and enlarge market share.

These developments have caused most economic, social and cultural conditions and structures to change drastically and irreversibly; and, as a result, invalidate the assumptions upon which old theories of economic and financial management are based. Such assumptions include the notions that national economies are largely closed, trade is subject to restrictions, foreign investment is subject to regulations, investment requires domestic savings, neither labor nor money is free to cross state lines without state approval, and that the state is in control of its economy. Since all such restrictions have been fully or partially removed, the traditional tools of managing national economies and dealing with issues such as recession, inflation, unemployment, and trade have become ineffective. Consequently, the **traditional economic theory** has become dysfunctional. This explains why all European efforts to deal with the debt issue have failed to even ease the crisis. Failure to acknowledge the declining relevance of traditional economic theory will cause most economists and politicians to think inside a largely empty box and fail to realize the need for new tools of economic and financial management.

While traditional economic thinking may continue for years, the current theory, using a medical term, is largely brain dead; it can neither explain the nature of change nor can it deal with its many consequences. Even the law of supply and demand, which represents the core of the classical theory and provides justification for free markets, has become partially dysfunctional. For example, due to the large increase in oil prices in the late 1970s demand for oil declined by 17 percent; but the almost tripling of the prices in the 2005-6 period failed to cause even a small decline in demand. Rising prices of smart phones do not seem to discourage most people from using phones; they seem to encourage young people to spend more upgrading phones and adding new applications. This change is due to the deep sociocultural transformations the world society has witnessed since the early 1990s. Therefore, the Great Recession does not represent another business cycle; it signifies the end of an era.

There is no doubt that traditional economic thinking has had a solid record of success in good and bad times throughout most of the 20th century. Economists have played and continue to play a major role debating economic policy, political decisions, the distribution of income,

and the impact of these issues on fairness, poverty, employment, the middle class and the general welfare of nations. However, the moment a theory loses the validity of its assumptions, it loses its relevancy. Building a theory is like building a house; you start with the foundations, which is the equivalent of assumptions for theory. If the foundations are good, the house will last for a long time, but not forever; if the assumptions are realistic, the theory will last for many year. Nevertheless, foundations exposed to earthquakes or floods are unlikely to live long; and so are assumptions trying to reflect human behavior and living conditions that never stop changing.

Overview of the Debt Problem

Without going into details, public records indicate that we have today 23 countries whose debt to GDP ratio exceeds 100%; and 13 countries whose debt to GDP exceeds 85%; and 19 countries whose debt to GDP exceeds 70%; and 21 countries whose debt to GDP exceeds 60%; and 36 countries whose debt to GDP exceeds 50%. All of these countries should be considered unable to repay their debt at any time in the future.

To prove this point, let us consider the US situation in 2018. The US debt reached \$21.5 trillion, and the ratio to GDP was 106%; and the annual interest payment was about \$390 billion; and the ratio of tax revenues to GDP was 16.25%. In the meantime, the rate of economic growth was 2.9%, which means that GDP increased by \$565 billion; however, the budget deficit for 2018 was \$779 billion, of which \$390 billion went to service the public debt. This means that for the US to cover the deficit and balance its budget, it has to collect about 40% of the GDP in taxes as compared to the 16.25% it collects at the present time, which means increasing the tax rates by some 2.5 times. In fact, just to cover the current deficit and balance the budget the US economy needs to grow by some 4.5% annually; and to give the annual budget room to increase by 3% annually, the economy must grow by some 6% annually. Since this is rather impossible to do, because the economy cannot grow by 6% annually; and because neither the people nor the business community nor the Congress would approve raising the tax rates. Therefore, the US is unable to stop the debt to GDP ratio from rising or repay any portion of the debt. And this means that the government is forced to continue to borrow year after year; in fact the Congressional Budget Office expects the 2019 deficit to reach \$896 billion.

While the global debt is estimated at \$75 trillion, interest due until maturity is about \$20 trillion. As a consequence, the total debt obligations of all nations until maturity would be about \$95 trillion, of which about \$74 trillion (78 percent of total) is owed by the industrialized states including Japan, about \$14 trillion is owed by developing nations, and about \$9 trillion is owed by China. Nevertheless, I believe that when all states reveal their actual debt obligations,

the total will most likely be around \$120 trillion. In fact, according to Bloomberg, the total public and private and corporate debt reached \$250 trillion in 2019. “The world now has \$250 trillion in global debt and growing. More importantly, global debt as a percentage of GDP climbed from just over 280% to nearly 320% over the past decade. There’s simply too much debt in the system and no clear path to truly paying it off”³.

The Ramo Plan

Today, most nations face mountains of debt and huge budget deficits that hinder their abilities to grow their economies, create jobs for the unemployed, and help their poor and students burdened by debt. As a consequence, poverty and unemployment rates remain high in most countries, and a sense of hopelessness and helplessness overwhelms a majority of people in many parts of the world. Since the debt problem is not limited to several states, it must be viewed as a global issue. To address this issue and the serious social ills it has precipitated, I present below the “[Ramo Plan](#),” which is a creative plan that defies conventional economic wisdom; yet it has the capacity to liberate all states from the debt burden, restructure the international monetary system, restore global financial stability, and create the necessary conditions for sustainable global development and international peace. The plan is as follows:

1. To designate the International Monetary Fund (IMF) a global central bank, with powers to issue a new international currency to be called “[Ramo](#),” divided into 100 zents, and to issue bonds in Ramos in addition to its current functions;
2. To set the Ramo value at the rate of the IMF Special Drawing Rights unit, which means converting the virtual IMF currency to a real one that can be used by banks, states and people;
3. To give each state the opportunity to repay its entire debt obligations by issuing money notes and credit certificates in its own national currency payable to the IMF;
4. To authorize the IMF to open a trust account or an escrow account in which all such funds would be deposited and kept for the sole purpose of meeting the debt obligations of the IMF member states; the IMF would pay all debt notes on behalf of its members as they become due, not before or after;
5. To ask each state to pay an additional amount of 10 percent of its total debt obligations as management fees; these fees, expected to be at least \$10 trillion, would be deposited in a special fund managed by an international board of renowned personalities to finance programs outlined hereunder and compensate the initiator and administrators of this proposal;

6. To establish a \$1 trillion educational fund to build 50 new universities, with a mission to educate global leaders, promote peace, cultural diversity, tolerance, critical thinking, creativity and innovation, and develop environmentally friendly technologies; all universities would be strategically located to serve as many regions of the world as possible;

7. To establish a \$1 trillion humanitarian fund to help victims of war and natural disasters such as hurricanes, tsunamis, earthquakes, serious diseases and conflict refugees worldwide;

8. To establish a \$1 trillion environmental fund to restore the global environment to its past glory with its blue skies, rivers and seas, and to preserve forests, rare plants and animals;

9. To establish a \$7 trillion Sustainable Development Fund to assist developing nations to transform their traditional cultures, grow their economies, reduce poverty, create millions of jobs for the unemployed, and join the industrial world;

The moment a nation pays its debt and management fees as outlined above, it becomes free of debt, and the IMF assumes full responsibility for its debt obligations. Since a global economy needs a global central bank to function properly, the new role assigned to the IMF and the issuance of the Ramo would serve to restructure the international monetary system, basing it on a 'new gold standard.' Since the IMF does not have enough gold, a golden Ramo, backed by the good faith and currencies of all member states would become the international standard currency against which all other currencies would be pegged, making all currencies more stable and less susceptible to manipulation. Exporters of oil, natural gas and strategic commodities would be able to price their exports in Ramos, enabling them to forecast future incomes more accurately. Meanwhile, using the Ramo to price the major export commodities will guarantee fairness; no nation would pay less as the value of its currency appreciates against the dollar; no nation would pay more as its currency depreciates against the dollar. The issuance of the Ramo will mark a new era in history in which the international community of states will have finally acknowledged that all economies have become, not just interdependent, but largely integrated.

Since budget deficits include interest payments to service the debt, many states would see their deficits vastly reduced the moment they pay their debt. Some states like Germany are likely to see their deficits disappear overnight. Such a development would calm global financial anxiety, restore investor and consumer confidence, strengthen banks, and give all states a decade or so to restructure their spending and tax policies and balance their budgets.

Concerns and Fear of Inflation

Some economists will most likely argue that repaying the debt in this fashion amounts to printing money and issuing credit not backed by solid assets like gold and silver. This is true, but so is the printing of dollars, Euros, pounds and other currencies; these are currencies backed by the good faith of the states issuing them, not by gold or other assets. Compared to these currencies, the Ramo will be backed, not only by one state, but by all IMF member states. Furthermore, if the debt is not paid as proposed, any debt repayment in the future will be made in dollars or Euros or another currency; all loans are made and repaid in regular currencies that lack material backing. Therefore, the means to pay today as well as later are the same; the only difference is to pay today and free all nations from the debt and revitalize the world economy, or wait until some states default and cause the banking and credit and international trading systems to stop functioning.

Other economists might argue that creating that much money would ignite inflation and hurt consumers everywhere. This is simply incorrect. The IMF has no mandate to spend any portion of the money it will receive except as outlined above. The proposed arrangement for debt repayment changes the identity of the payer only, not the amount to be paid or when to be paid. Though the IMF is required to pay debt notes as they become due on behalf of its member states, it could arrange, in coordination with concerned beneficiaries, to rollover some loans and keep the money for as long as needed to maintain financial stability.

On the other hand, helping poor nations to develop their economies and transform their cultures is expected to create millions of investment opportunities annually for decades to come; the Sustainable Development Fund, to be outlined in the next section, will facilitate the creation of millions of jobs in the developed and developing countries. Moreover, as the IMF pays back loans, it should give lenders the option of getting paid in the same currencies of the loans or in Ramos. This action alone will limit the increase in the supply of all national currencies, while paving the way for the Ramo to play its intended international role as a major reserve currency.

Inflation, which means higher rates of increase in the general price level, has lost most of its power; it has been brought under control in most parts of the world. The belief that increasing the supply of money causes prices to rise rapidly and ignites inflation is based on assumptions that have long been invalidated. The major cause of inflation today is supply shortages of essential goods, not excess supply of money. Many people have money but have no desire or need to spend more; therefore, money alone cannot ignite inflation. If demand for essential goods increases rapidly or supply shortages of such goods are suddenly felt, inflation will be ignited, even in situations of tight money supply. Since the world's capacity to produce most essential goods and services exceeds its capacity to absorb such goods and services, no

shortages are expected to occur and cause inflation. Food products are probably the only exception and their prices are beyond anyone's control because shortages are often caused by bad weather, political instability, monopoly and hoarding.

In the late 1990s Allan Greenspan, the chairman of the Federal Reserve at the time began to raise interest rates in fear of inflation. Since I saw no inflation coming, I wrote a short article under the title, "The Ghost of Inflation," in which I argued that inflation no longer presents a real threat to the industrialized states; it has become a ghost to be feared, but not to be seen. There are many forces that have transformed inflation from a threat to a ghost; they include the internationalization of capital and investment markets, free trade and the growing industrial capacity of Asia. While it may be unwise to declare that inflation is dead, inflation has lost most of its teeth; it may be able to bite, but it can no longer hurt. Unfortunately, none of the newspapers that received the article at the time bothered to publish it. Had it been published, the unintentionally engineered US recession of 2000 might have been avoided; and the situation we are in today might have been different.⁴

Germany, which fears inflation more than other states, spent over the 20 years of 1991-2011 about \$2 trillion; an average of \$100 billion annually on German political reunification and economic integration without igniting inflation. Moreover, in response to the Great Recession, the US government and the Federal Reserve increased the supply of money by some \$4.5 trillion within a few years, also without igniting inflation. Nonetheless, Inflation remains a threat to poor countries and others in transition, where national economies are not free; national currencies are not convertible; state intervention in economic affairs is substantial; protectionism is pursued as a state policy; and where states are largely corrupt and essential commodities are monopolized by greedy merchants and speculators. However, the Ramo plan is also a plan to deal with the threat of serious inflation; it provides all developing states with the capital, knowledge and technical assistance to develop their economies, improve labor productivity and food security, and transform societies and cultures and strengthen business ethics. Nonetheless, no plan can guarantee that corruption or greed or price manipulation will disappear any time soon; the issue of moral hazard will stay with us for as long as we live. No rich or poor, developed or developing, western or eastern nation is immune to it.

The issuance of the Ramo and the arrangements to pay all nations' debt remove all risks associated with possible state defaults and bank failures. Meanwhile, the establishment of the Sustainable Development Fund, the Educational and Humanitarian and Environmental funds has the potential to double international trade in a few years and stimulate all economies; it will also create millions of new investment opportunities, in addition to creating tens of millions of new jobs worldwide.

Sustainable Development Fund

The rapid economic development of several Asian states, especially South Korea, China and India, has caused the industrial production capacity of the world economies to surpass its absorption capacity, creating a wide gap between the global supply of and the global demand for most industrial products, electronic gadgets and textile goods and services. Without expanding global demand to narrow this gap, the average rate of the world's economic growth will decline further, and the world community of nations will fail to address the many economic, financial and social challenges it faces. Such challenges include how to end regional wars and ease the political turmoil in many parts of the world, and deal effectively with the roots of radicalism and terrorism and human trafficking. And without growing the economies of developing nations and making the global economy fair, it will be even harder to produce enough food to feed the increasing numbers of the world's poor in Africa, Asia and Latin America, create jobs for the unemployed youth of those regions, and ease economic and war migrations from poor countries plagued by war and conflict to western industrialized ones.

If helping poor nations was a luxury in the near past, it is a global security and human necessity today. Political stability in the world cannot be sustained, and radicalism cannot be contained without economic growth and a fairer distribution of wealth and income among social classes and nations. Economic aid and charity cannot create enough jobs for the unemployed to undermine radicalism or increase global demand for goods and services to expand global markets. Since our world has become a global village, no nation is able to live in peace for long unless other nations feel at least financially comfortable and politically stable; and no nation will feel secure unless its neighbors feel secure as well.

The spread of poverty in many parts of the world, coupled with rising awareness of life conditions on the other side of the global economic and cultural divides, have created several groups of angry, often alienated and radicalized young people in several parts of the world, particularly in the Middle East and Africa, even in France; those are people who feel betrayed and cheated by their political leaders. And because their grievances continue to be ignored, their anger rises as their numbers grow and their targets spread. Since these groups grew out of frustration and despair, the idea to change the world according to their beliefs has become an ideology that unites them and motivates them to act, often on their own. So, as long as the current sociopolitical, socioeconomic and sociocultural conditions are not changed, the radicalization of young people will continue, and so will the killing of innocent people, and the destruction of cities and mankind's historical treasures.

On the other hand, despite the fantastic increase in China's and India's industrial capacity, both states still have millions of people without work. Every new industrial job created in those countries will further aggravate the imbalance between the global supply of and the global demand for manufactured goods and technical services. Failure to acknowledge this fact and act accordingly will intensify global competition and heighten the vulnerability of the world economy to recurring recessions and financial crises; it will also worsen trade imbalances, increase budget deficits and public debts, and deepen sociocultural and sociopolitical problems everywhere.

As mentioned earlier, it is believed that the size of the global debt is about \$100 trillion. The 10 percent management fees would generate about \$10 trillion, of which about \$7.5 trillion would come in hard currencies. \$3 trillion of these fees would be used to launch the educational, humanitarian and environmental funds, and \$7 trillion to launch the Sustainable Development Fund (SDF). A special societal development plan would be developed by the World Bank and other development agencies for each country, and money would be spent over 20 to 25 years to purchase whatever is needed to launch and foster national development plans that include the restructuring of national economies and the sociocultural transformation of societies. The following goals define the mission of SDF:

1. Helping developing and underdeveloped nations build modern roads, railroads, ports, airports, bridges and dams, electrical grids and water and sewage systems, and basic industries;
2. Modernizing agricultural farming machinery and techniques and irrigation systems, as financial management; and train farmers and farm workers, and develop rural communities and revive traditional industries;
3. Building enough schools and universities, hospitals and clinics, and train school teachers, university professors, physicians, nurses, engineers and technicians to meet the educational and healthcare needs of growing urban and rural populations;
4. Designing special training programs for workers to acquire the right skills and attitudes to perform efficiently; all workers must be taught how to appreciate time, work and money to keep the national economy growing and state institutions functioning properly;
5. Supporting national universities and technical schools and colleges, and fund research institutes committed to identifying local, national and regional problems and needs, and finding home grown solutions sensitive to traditional customs and cultural values and beliefs;
6. Helping civil society organizations to grow in size and effectiveness, and train judges and media professionals to empower the courts to fight corruption, enforce the rule of law, and protect people's rights and the environment.

7. Raising public awareness of the utter importance of changing attitudes toward science, work, time, life and the environment, and improving the quality of education and healthcare. Public schools and the media are capable of doing this job if given the right education, training and funding;

8. Facilitating the creation of a fairly large middle class aware of its social role, and training a new, professionally qualified and socially responsible entrepreneurial and managerial class;

9. Strengthening food security and energy supplies at the national and regional levels; and

10. Launching a genuine sociocultural transformation process in each developing country, according to its needs in the present and prospects in the future.

Two points need to be emphasized in this context: first, all educational and healthcare systems in the Third World lack modern management systems to do the job they are supposed to do; second, most members of existing business and entrepreneurial classes in poor and rich countries alike tend to be corrupt and lack social responsibility. Therefore, the creation of a new ethical entrepreneurial and business class is a must; otherwise, most money would be wasted and the institutions and systems needed to accomplish the desired development will fail to achieve their goals.

The Educational Fund

As people of the world get more and more connected forming a global village, the leadership of this village has proven to be neither qualified nor ready to lead collectively and ensure the protection of the environment and the safety of people. In fact, I believe that our world has never had a collective leadership that is so politically and economically corrupt, and morally and intellectually bankrupt. The educational fund is intended to train future leaders to manage our global village; though our world has become one large, but highly diversified community, our village still lacks a leadership committed to the general welfare of the village's inhabitants and aware of its place in history. What we have today is a largely narrow-minded leadership that thinks small and works to divide rather than unite the world peoples, to dehumanize some and glorify others rather than humanize every one and dehumanize no one; as a consequence, our leaders have become tribal fighting and killing each other, and destroying our environment, heritage and chances for peace. Therefore, the world needs a new, more educated and enlightened and trusted leadership.

Students attending the Global University system, which plans to have 50 campuses, would be chosen on the bases of their grades and aptitude tests, and the educational fund would pay for their education. To enable students to gain a global outlook and learn about

other cultures and peoples through living, all students would be required to spend their college life at two or more campuses. Universities would try to have equal numbers of undergraduate and graduate students, as well as males and females. And while undergraduate programs concentrate on educating students to be global citizens committed to peace, equal opportunity, social justice, environmental protection, cultural and religious diversity and tolerance; graduate programs would concentrate on research in all technical and social fields, with emphasis on developing innovations to make our lives enjoyable, our global economy sustainable, our world secure and peaceful, and our village more livable and loveable.

As the educational fund works to recruit the smartest students available, it will try to hire the best and most committed professors; it will also try to design study programs that meet the current and future needs of the peoples of the developed and developing world. There is no doubt that there are many great universities in the United States, Western Europe and Asia that continue to lead in technical innovations and research in humanities and social science; however, the work of these universities has largely been dedicated to serving the needs of the industrial countries and their economies and societies, and the world's largest corporations. As a result, the less developed countries have become dependent on educational systems and programs that lack the capacity to understand the poor nations' cultures and deal with their socioeconomic needs that differ from those of the industrial societies.

For example, the World Bank, after more than 70 years of working in the development field and spending billions of dollars each year, has failed to help a single country develop and industrialize; and this in turn has caused almost all theories of development written between the 1950s and 1980s to be abandoned. As a result, new books on development have begun to focus on issues of development rather than on the process of development; issues such as freedom, corruption, poverty, inequality, education, economic management, environmental awareness, the empowerment of women, and the like; thus avoiding the complicated, but badly needed tools and ideas to construct comprehensive development processes. There is no doubt that these issues are important; they affect the direction of development and its chances of success; nevertheless, these are manifestations of deeper social, cultural and economic problems, and therefore cannot be addressed separately.

In the summer of 1991, I was invited by the Swedish government to participate in the "European Conversations" conference. The invitation signed by Mr. Odd Engström, then deputy prime minister, included the following paragraph: "I would like to arrange a meeting between **leading thinkers and thinking leaders** to discuss how we are to succeed in reconciling political legitimacy and economic rationality in a Europe where national borders have lost more and more of their significance. Can we establish a democracy at a new, regional level? How can the

new Europe create welfare for so many? Is there a common identity which embraces all this multiplicity of mutually intertwined national destinies – and, if so, is this something we want?”

The number of participants in the conference was about 30 persons, 18 of them were invited from outside Sweden; the British economist Amartya Sen and I were among this group of participants. On the second day of our discussion, Sen asked me a question; believing that I might be able to answer; he said: “I have a puzzling, largely troubling question for which I have no answer: Can you tell me why most people in the Third World lie? After giving that challenging question some thought I found that the question was simple; it did not need research institutes or much thinking to answer. I told my colleagues that day that most people of the Third World lie because they lack freedom. When young men and women have no social freedom, every time they do something that violates traditional customs, they lie to their parents and teachers; when ordinary people have no religious freedom, every time they ignore a religious duty they lie to everyone who takes religious rituals seriously; when intellectuals have no freedom of speech, every time they are asked about their views and opinions they often lie in public and to the police; when investors have no economic freedom, every time they violate established regulations they lie to the government. So, lack of social, religious, political and economic freedoms, as well as freedom of speech is the major force that motivates, at times compels most Third World people to lie.

In addition, when lying becomes an acceptable habit that seldom finds anyone to challenge, social, political, economic and religious corruption spreads and deepens its roots in society, trust and honesty disappear, social responsibility crumbles, business ethics vanish, and prospects of societal development become very slim indeed. Therefore, no one should expect economic development to succeed in any society that lacks freedom, particularly social and religious freedom. Development requires two basic changes to succeed: economic restructuring and sociocultural transformation; meanwhile, sociocultural transformation cannot be accomplished without modernizing and humanizing the educational system⁵. In 1998, Amartya Sen was awarded the Nobel Memorial Prize in Economic Sciences, and in 1999, he published his widely recognized book, “Development as Freedom.”

In fact, the concept of ‘economic development’ was misconceived from the beginning. Assumptions that economic development is possible without developing the human resources, cultures, institutions and the politics of nations amount to treating the economy and society as two separate facets of life; thus ignoring the fact that no economy can function without people, and no people can survive without an economy capable of meeting, at least, their basic needs. The failure of development thinking in the West to identify the root causes of poverty and underdevelopment of Third World countries and articulate feasible approaches to development

are largely responsible for wasting trillions of dollars, countless opportunities and valuable time, while causing billions of people to suffer poverty and indignation for decades needlessly. This simply means that there is a need for a new approach to deal with the complex issues of development in most parts of the world. In my book, *A Theory of Sustainable Sociocultural and Economic Development* published by Palgrave Macmillan in 2016, I articulate a new theory of societal development that views development as a bird; it says that a bird, to fly and stay healthy, it needs two wings, with one wing, the bird might be able to jump and run but it cannot fly or stay healthy for long. And so is development; to succeed and achieve its objectives, it needs economic restructuring and sociocultural transformation.

David Landes argues that the major key to wealth is openness, which means openness to new ideas and to borrowing from other nations the technologies that are more productive. While openness to new technologies is important to economic development, openness to new ideas is important to political change and sociocultural transformation, and thus to moving society from feudalism and totalitarianism to freedom and justice. And this, in turn, helps restore the dignity of the poor and weak and protect their meager resources from the greedy rich and powerful. Nevertheless, no fundamental societal change is possible unless the social, cultural and religious environments of society are transformed. To make the social, cultural, religious and political environments hospitable to change and transformation, we need to first build a creative and innovative educational system, and have an educated and largely enlightened class of men and women to manage it and lead society.

The Humanitarian Fund

The humanitarian fund is intended to meet the emergency needs of all regions and peoples affected by natural disasters such as tsunamis, hurricanes, earthquakes, floods, starvation, and epidemics, as well as man-made disasters such as civil wars. War and conflict cause people to suffer and live in miserable conditions as refugees in need of food, medicine, jobs, education and hope. The humanitarian fund will have its staff and system in place to swiftly deliver assistance wherever it may be needed, as well as the necessary supplies to respond immediately and comprehensively to major emergencies. The fund would work with similar national and international organizations to meet the urgent needs of suffering people everywhere; it will also act as an international accreditation agency to evaluate and accredit not-for-profit organizations working in the field of international relief and humanitarian assistance.

Dealing with past and present environmental catastrophes like hurricanes, tsunamis, war victims and poor and not-so-poor migrants seems to indicate that no national or international

organization has the capacity to deal with large scale destruction caused by such incidents. While Katrina had exposed the limitations and impotency of US government agencies, the 2010 earthquake in Haiti and the 2015 earthquake in Nepal, and the 2011 floods in Pakistan, and refugees fleeing gang violence in Latin America and conflict in Africa and the Middle East have proven that neither national nor international organizations have the capacity to provide timely assistance to help desperate people in need; in fact, some needs of the victims of these incidents are yet to be met.

On January 12, 2010, a devastating earthquake struck Haiti, killing more than 160,000 and displacing close to 1.5 million people. Five year later, scars of the tragedy remain in Port-au-Prince. “When you walk around the country’s capital Port-au-Prince, you still see half-destroyed buildings around town,” says photographer Gael Turine who spent 10 years in Haiti photographing the country. “The wounds are still here, and everyone says that they’re living in worse conditions than before.” In 2011 Pakistan was inundated with heavy monsoon rains; rainfalls had continued for more than a month, causing unprecedented floods, which, in turn, caused considerable damage to property, and affected the lives of millions of people. According to the Wikipedia, it is estimated that the floods killed approximately 434 Pakistani civilians, damaged or destroyed more than 1.5 million homes, and affected the lives of some 5.3 million people. At least 1.7 million acres of arable land was damaged. The 2011 floods had followed the previous year's historic 2010 Pakistani floods, which devastated the entire country at the time.⁶ Despite the tens of millions of dollars donated by the world community to help the survivors of the floods, and the participation of several international aid agencies and organizations in the construction process; the scares of the floods remain until today.

As for Nepal’s earthquake, News Week said that “Throughout Nepal, water has become a pressing concern. The earthquake destroyed nearly 5,200 water supply systems and 220,000 personal toilets... The shifting earth changed groundwater levels or stream flow, causing water sources to suddenly disappear. Around 1.14 million people are now in need of a safe supply of drinking water, and 1.04 million do not have access to usable toilets. The financial requirements to fix these problems nationwide might be insurmountable. According to a Post-Disaster Needs Assessment prepared by Nepal’s National Planning Commission, the total amount required to fully recover and rebuild is estimated to be \$6.6 billion—about one-third the annual gross domestic product of Nepal.”⁷

If the money of the Humanitarian Fund were to be invested in US government bonds at 3 percent, the fund’s income would be \$30 billion a year; more than enough to meet the challenges of

global emergencies year after year, probably for eternity. As a consequence, the need for donor conferences to raise money for victims of natural disasters and man-made wars, and for making pledges of help that do not usually get paid in full, will be eliminated, not for years to come, but for centuries. Victims' needs would be met without hassle; and using financial aid as an economic or political tool to pressure or coerce poor states and needy people will stop, and thus the dignity of the poor and weak would be respected and their needs and rights honored.

The Environmental Fund

Since the 1970s, the world has become progressively more aware of the damage caused to the environment by neglect and misuse; as a consequence, the need to protect the environment has become a priority in many parts of the developed and developing countries. However, despite the substantive work that has been done in this field, no environmentalist or government can say if we are approaching environmental sustainability or still moving away from it. If the \$1 trillion devoted to this fund were to be invested in US government bonds at an annual interest rate of 3 percent, the fund's annual income would be \$30 billion, enough to hire more than one million scientists, engineers, workers and other personnel to clean our mother earth and protect our environment from abuse and misuse.

The Brundtland Commission Report issued in 1987, defines sustainability as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs"⁸ The report states further, "The environment does not exist as a sphere separate from human actions, ambitions, and needs, and attempts to defend it in isolation from human concerns have given the very word 'environment' a connotation of naivety in some political circles. The word 'development' has also been narrowed by some into a very limited focus, along the lines of 'what poor nations should do to become richer.' But the 'environment' is where we live; and 'development' is what we all do in attempting to improve our lot within that abode. The two are inseparable."⁹

Though the Brundtland Commission Report provided a clear definition of sustainable development, it could not answer questions related to how to achieve this goal, nor could the experts who tried later to elaborate on it. No one, in fact, seems able to say with confidence how to reach a state of sustainability or what are the needs of future generations that we must consider. Also, no one knows how many people the world will have at any time in the future, how much of our resources will be available at that time, or what the state of technology will be years from now. We also do not know how much progress we are making at this time and when a state of sustainability is expected to be reached. But despite the complicated nature of these questions, we cannot ignore them.¹⁰

As national development agencies strive to achieve sustainable development, they tend to treat sustainability as a largely domestic rather than an international endeavor. But sustainable development and sustainable environment are in fact unattainable except at the global level, because many nations have access to nonrenewable resources like water and natural gas to waste, and rivers and seas to pollute, without giving much consideration to the needs and interests of other nations that depend on the same resources. Therefore, fairness and reality dictate that sustainability must be treated as a global endeavor, and the sacrifices needed to accomplish sustainability and the benefits generated by it, should be shared by all nations. "In order to be sustainable, development must also be harmonious. At least a certain amount of social cohesion must exist on a planetary scale in order to create the conditions for the peace we need,"¹¹ and the human environment we seek to secure for all.

Since development is a comprehensive societal process, no economic plan can succeed in a traditional society without being preceded by or accompanied with a plan to transform the sociocultural aspects of life in society.¹² Economic restructuring, sociocultural transformation, and investment in education, healthcare and infrastructure, and environmental preservation and protection, which SDF and the other three funds intend to do, would increase women's awareness and free most of them from the chains of ignorance and traditions, and thus empower them to regain self confidence and become more active workers and respected members of society. As a consequence, population growth rates would decline gradually, leading the demographics of most developing nations to approach those of European nations by the end of this development phase.

Helicopter Money

Believing that a new recession is coming soon, The Economist said on February 20, 2016, "Policymakers in rich economies need to consider some radical approaches to tackling the next downturn." In considering alternative approaches, The Economist added that; "there is a deeper concern that, if or when that recession comes, policymakers will have very few options for dealing with it."¹³ It is clear that the Economist sees no point in repeating what had been done before; implying that neither stimulus packages nor austerity measures are able to deal with the expected recession. As a consequence, it suggests, though reluctantly, using what economist Milton Friedman called 'Helicopter money', which means printing as much money as needed to repay the debt. Since such an action can be taken by some states but not by others, neither central banks nor legislative bodies nor financial markets would have a role to play in such a scenario. However, only a few states can use "Helicopter money" to repay their debt; they are the United States, members of the euro zone acting collectively, Britain, Switzerland, Japan and probably China. While the United States and, to some extent, Britain and Japan are

able to take such an action on their own, it is hard for members of the euro zone to agree on such a plan.

There is no doubt that America can print as much money as needed to repay its debt and more; the US Federal Reserve has in fact been printing money since 2009 without interruption, but printing over \$22 trillion in weeks or months cannot be done without consequences. An increase in the money supply of this magnitude is more likely to cause inflation, devalue the dollar, and invite other nations, particularly the Euro zone nations, China, Britain and Japan to devalue their currencies to maintain the competitiveness of their exports. Since most other currencies are pegged, in one way or another to the dollar, attempts to devalue the dollar become rather meaningless. However, such an action would cause world confidence in America's wisdom and leadership to be vastly undermined; and this, in turn, would diminish the attractiveness of the US dollar as the world's premier reserve currency.

Is it fair and morally acceptable that America prints as much dollars as it wishes to repay its debt and leave billions of people languish in debt and poverty? Is it fair and morally acceptable that the United States liberates itself from the debt when most of the money that the poor nations had borrowed were stolen by dictators, corrupt politicians and foreign corporations and invested in America and Europe or deposited in their banks? The fair and morally acceptable way to repay the debt is to liberate all nations from the debt burden at once; such an action would create a new sense of fraternity among all nations, revitalize the world economy and reduce poverty and need and conflict; it would also encourage most people to be optimistic and willing to contribute to making our world a better place for us all to live in and enjoy. In fact, liberation from need and financial chains is the next best available cure after education to the chronic social and cultural ills, as well as to problems of alienation, ideological extremism and radicalism that often lead to hatred and sometimes to terrorism and war.

Is the so-called helicopter money similar to the Ramo plan? And if the two plans differ from each other; how does the Ramo plan differ from the helicopter plan? The Ramo plan is different in several important ways;

1. Helicopter money is a scheme to enable a few countries to print money freely and repay their debt. Since this option is limited to some states, other nations will not be able to liberate themselves from debt. As a result, the poor nations will continue to suffer, or default, causing more complicated problems for the rich states to deal with.
2. By freeing the rich states of their debt while leaving the poor ones to pay interest on their debt to the rich states, the impoverished peoples of the world would be reduced to mere slaves working to enrich the rich in exchange for more poverty and extra misery. And

this is more likely to deepen alienation, spread hatred and radicalism and increase terrorism. As a consequence, the world will be divided into rich masters and poor slaves; causing every party involved in this sick relationship to lose a good portion of its humanity.

3. Using the Helicopter option to liberate the industrial nations from debt is likely to help the rich countries' economies to grow modestly for a few years only, because the limited financial resources of the world's poor will prevent them from becoming active consumers.

4. An exclusive Helicopter plan for the rich would prevent the establishment of the funds proposed in the Ramo plan; the educational, humanitarian, environmental and sustainable development funds. And without such funds, the old economic, sociocultural and political problems will intensify, causing poverty to increase, alienation and resentment in poor states to deepen, radicalism and terrorism to become endemic; and the flood of economic and war refugees to rise, leading to more internal strife and racism and fear in Europe and America.

5. Printing trillions of dollars to repay the richest nations debt is likely to disrupt the international monetary system and cause confusion and uncertainty. Poor nations that cannot do what the rich ones can, would oppose such a plan, because accepting it means accepting outrageous debt servicing obligations and more poverty. Moreover, such a plan would poison the international atmosphere and create bitterness that lead to forming new international alliances that seek to undermine the power and interests of the rich nations.

If the United States were to free itself from the debt burden while leaving poorer nations to languish in misery and sink deeper in debt, the rich nations' action would be viewed as unfair and largely imperialistic. In fact, no nation should be entitled to indulge in conspicuous consumption for decades and then print money freely to pay for its bad behavior and financial mismanagement. On the other hand, since taken such an actions would be unprecedented, it will have serious consequences no one is able to foresee. One of the more likely consequences is a collective action by the poor nations to default on their foreign debt and stop paying interest to the rich nations and their banks, causing many western banks to collapse and be bankrupt; and this is more likely to trigger a global depression lasting a decade or more. A collective default by the poor nations will be fully justified and would be encouraged by the world's intellectuals, human rights organizations and many economists across the globe; and the feeling of bitterness toward the rich nations will last for generations.

Therefore, the full implementation of the Ramo plan is the only viable and fair option to save our economy and future generations. In addition to freeing all nations from the debt burden, the plan would reduce world population growth rates to one percent or less within 20-

25 years, place the global economy on a truly sustainable growth path, protect our mother earth, create a new spirit of equality and fraternity among all peoples and nations, and vastly weaken the power and rationale of the ideologies of racism, radicalism and terrorism. Our global village, as a result, would become the place to love and enjoy living in.

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¹ Mohamed Rabie, *Global Economic and Cultural Transformation*, Palgrave Macmillan, 2013, p 167-174

² *Ibid*, chapter three

³ (Brian_Chappatta, \$250 Trillion in Debt: the World's Post-Lehman Legacy, Bloomberg, September. 13, 2018 <https://www.bloomberg.com/graphics/2018-lehman-debt/>

⁴ See; Mohamed Rabie, *The Making of History, Author's Choice*, 2001, p 141 – 144

⁵ Mohamed Rabie; *A Theory of Sustainable Sociocultural and Economic Development*, Palgrave Macmillan, 2016, Chapter 11

⁶ 2011 Sindh Floods; Wikipedia; https://en.wikipedia.org/wiki/2011_Sindh_floods

⁷ Elijah Wolfson, One year after a devastating earthquake, Nepal is still in ruins, *News Week*, April 21, 2016

⁸ NGO Committee on Education, Report of the World Commission on Environment and Development: Our Common Future, Chapter 2, "Towards Sustainable Development," <http://www.un-documents.net/ocf-02.htm>.

⁹ *Ibid*

¹⁰ See, Mohamed Rabie, *A Theory of Sustainable Sociocultural and Economic Development*, Chapter 3

¹¹ http://www.legrand.com/EN/sustainable-development-description_12847.html.

¹² See, Mohamed Rabie, *A Theory of Sustainable Sociocultural and Economic Development*, Chapter 3

¹³ Fighting the next recession: unfamiliar ways forward, *the Economist*, February 20, 2016