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China and A Community Of Principle

by Lyndon H. LaRouche, Jr.

Lyndon LaRouche, candidate for the Democratic Party Presidential nomination in 2004, was a featured speaker at a Moscow conference, on "China in the 21st Century: Chances and Challenges of Globalization," held from Sept. 23-25. The conference was organized by the Russian Academy of Sciences, with its Academic Council for Comprehensive Studies of Contemporary China; its Institute of Far Eastern Studies; and the Russian Association of Sinologists. These sessions were the 14th International Conference on "China, Chinese Civilization and the World: Past, Present and Future."

At the Sept. 23 opening sessions of the conference, LaRouche spoke on a "Vision for the 21st Century." He represented the Schiller Institute in the United States and Germany, and was also introduced to the conference as an American Presidential candidate.

The Moscow conference also featured Russian speakers from the Institute of Far Eastern Studies and other institutions, as well as speakers from Jilin Academy of Social Sciences in China. Subsequent panels discussed economic reforms in China; China's history and historiography; policy and social relations in China; and problems and prospects of inter-civilizational liaisons between China and other nations, in the era of globalization.

On Sept. 24, following a morning panel discussion, a round table was convened, with wide-ranging discussion focussed on various aspects of the Chinese economy.

Among the audience of about 250 people were diplomats, press, Russian Foreign Ministry personnel, other Russian government representatives, members of the Russian Academy of Sciences and other participating institutions, as well as a high-level delegation from China. In addition, numerous long-term friends and associates of LaRouche in Russia attended.

LaRouche prepared the paper we publish here as a written attachment to the proceedings of the conference. Further coverage of this important international event will appear in EIR*'s forthcoming issue.*

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A railway bridge goes up on the second, or Central, Eurasian Land-Bridge in China. Rapid economic development offers a potential principle of mutual advantage among sovereign nation-states—a principle LaRouche proposes to replace the defensive idea of "multipolarity" as against unilateralism.

We may regard the often-expressed proposal to establish "a multipolar world," as, in and for itself, an understandable rejection of the imperialist intent expressed by certain circles currently occupying key positions in the government of the U.S.A. Since the 1989-1992 collapse of the Soviet Union, those circles have foreseen what they have expressed as belief in the opportunity to create a global "American," or "Anglo-American" empire. They have declared their intention to create such an empire, otherwise identified as "world government," by means of revival of Bertrand Russell's 1940s doctrine of Anglo-American "preventive nuclear warfare." Russell's original threat ended, for a time, with the successful Soviet testing of a thermonuclear weapon-prototype; that threat has been revived by U.S. Vice-President Cheney and others, as official U.S. policy, in the aftermath of the shocking events of Sept. 11, 2001.

During the post-1988 Administration of President George H.W. Bush, U.S. Secretary of Defense Dick Cheney had already attempted to revive Russell's old threat; but his proposal was rejected at that time by Bush, Sr. Nearly a decade later, in the aftermath of Sept. 11, 2001, the preventive nuclear warfare policy has been successfully pushed by the same Dick Cheney, now as Vice-President, up to the present time. As some leading circles in various governments already know, a continuation of that new imperial policy beyond the present occupation of Iraq, threatens to drive the world toward a point of desperation which could become the brink of a more or less global, but asymmetric form of nuclear-armed warfare.

Unless Cheney and his neo-conservative confederates were removed from power, the risk of that form of warfare would not only persist, but increase spectacularly. The poorer the other military capabilities of the U.S.A. prove to be, the greater the temptation of Cheney's co-thinkers to launch nuclear warfare. Fortunately, the timely ouster of Cheney is now possible, if, unfortunately, not yet assured.

On this issue, up to a certain point, I agree—up to a point—with the concerns expressed by today's proponents of a "multipolar world," but not with that proposal itself. I agree that we must prevent the implementation of the new imperialist doctrines associated with Cheney, et al. Yet, I also see a new source of dangers in the notion of "a multi-polar world" as that term is broadly, and loosely understood today. I think it important to explain why I, speaking from the standpoint of one among several currently leading U.S. Presidential candidates for the November 2004 election, have proposed the notion of a community of principle among sovereign states, as a specific alternative to the inherently self-contradictory concept of a multipolar world. What is needed in the present circumstance, is more or less global support for a clear, positive, unifying, ecumenical principle, such as the principle of "the advantage of the other," which was the pivotal feature of that Treaty of Westphalia which brought the imperial, religious, and related reactionary warfare of the 1511-1648 interval to an end.

My choice of anti-imperialist alternative, is, as I shall explain, the establishment of a global community of principle among perfectly sovereign nation-states. I have presented one aspect of this proposal in a paper entitled, ***The Sovereign States of the Americas,*** which is being widely circulated currently by my U.S. Presidential campaign. It is not sufficient to defend the principle of national sovereignty; there must be a unifying and integral principle of positive cooperation, a principle which requires each of us to defend the sovereignty of the other nations, as what we see clearly as an indispensable source of historical benefit to our own. The present leaning toward a system of treaty-agreements which would provide much-needed economic benefits, and also efficient security arrangements, throughout the Eurasian continent, points to-

ward the timeliness of the adoption of such a community of principle.

I explain.

I present the case for the adoption of such a principle, in the setting of the challenge presented by the presently ongoing, terminal phase of collapse of the world's present form of monetary-financial system, the floating-exchange-rate system as it has continued to degenerate in both principle and practice since it was initially established during 1971-1972. My argument here will focus upon what I regard as the unavoidable interconnection between two of the leading factors determining the issues and outcome of the current world conflict. I define those factors as follows.

In the first case, my primary focus is upon current new trends in Western continental Europe pointing toward long-term economic cooperation with China and other nations of central and east Eurasia. That trend in policy-making defines an implicit commitment to developing a Eurasian economic bloc of long-term economic cooperation and mutual security among states. This tendency is not yet a solid commitment, but the tendency in that direction has been strengthened during recent years, first since the Autumn of 1998, and, more recently, since the looming of the current general war-danger during the last months of 2002. The hopeful trend in direction of such Eurasian cooperation implies a new quality of long-term economic treaty-agreements throughout much, perhaps all of the Eurasian continent. The success of a treaty-driven Eurasian initiative of that sort would set a pattern for a much-needed, broader reform of relations among nations worldwide.

On the second point: as soon as we put our attention on the subject of Eurasian cooperation, we are compelled to ask ourselves, would such an Eurasian bloc be possible, unless the U.S.A. were induced to reject the presently ominous influence of its own current, imperialist war-party faction? The crucial questions is: Can the present U.S. government be brought to the point, that it will reject the current form of geopolitical war policies of the so-called neo-conservatives, and, then, even tolerate the implementation of a policy of cooperation in economy and security among the nations of Eurasia? Why is U.S. cooperation essential to the successful, longer-term implementation of such a Eurasia policy? Therefore, is such a change in current U.S. policy likely? I know that such a change is possible, but it will be possible only to the degree some of us muster the will and influence to cause it to occur. I shall return to review those questions at the close of this presentation.

Since man is a creature of free will, it is impossible to predict changes in general human behavior of nations in a statistical way. It would be deadly incompetence to propose that we can do better than forecast forks in the road of policy-making by, and among nations. We can foresee the dangers embedded in the future outcome of an ongoing bad policy, and the benefits of an alternative policy.

For example, we know man must explore space, not because we know in advance what we shall find there, but because we must discover what is lurking there, as knowledge of the future opportunities and dangers for mankind on this planet.

So, similarly, we can estimate the location of that fork in the road of history where the forecast decision among choices must be made. We must see the looming future as an opportunity to make great beneficial changes in world affairs. Then, we must prepare ourselves to effect the needed changes in direction, when that fork in the road of decision-making is reached.

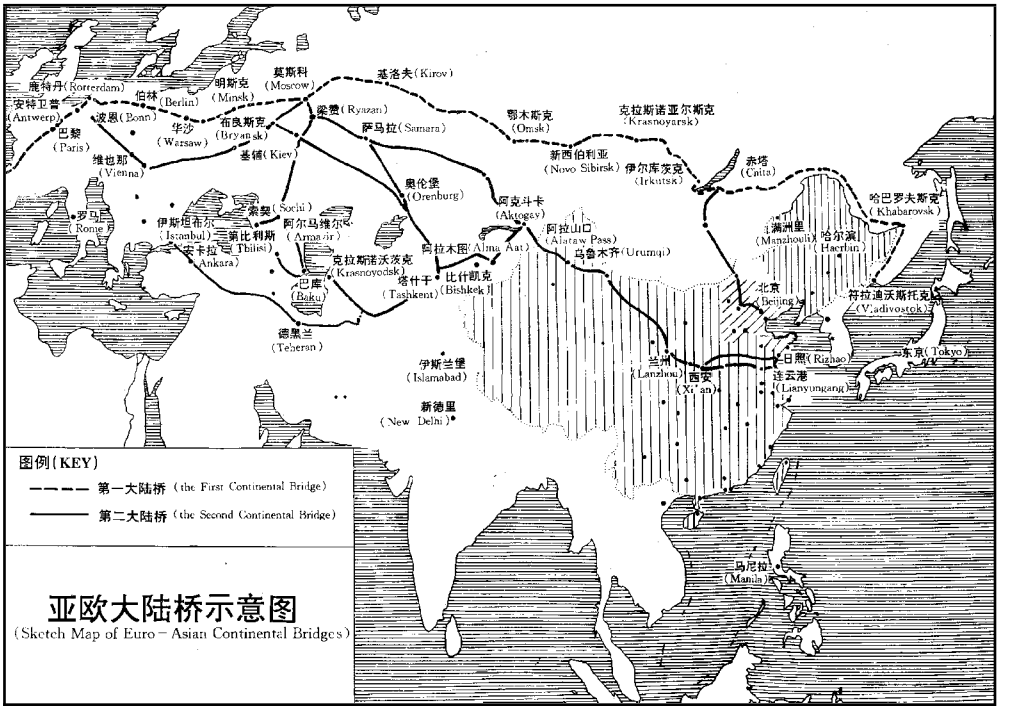
We have now reached such a fork in the road of world history. The prospect is, on the one side, terrifying to anyone with the courage to see what lies presently before us; but, the alternatives are wonderful, if we have the wisdom and will to bring those changes about. The prospect of a new dynamic form of Eurasian cooperation is wonderful; we must all work to aid its success. We must also proceed to bring about similar changes in relations among states in the world as a whole.

For my purposes here, I combine the two topics, the Eurasian option and the present crisis in U.S. policy, as inseparable matters. I ask you to join me in reviewing the two prospects, positive or negative, in the light of the strategic implications of the crisis-wracked political-economic situation inside the U.S.A. today. I begin with the second of the two topics, U.S. policy, which I have just identified here.

1. The Threat of Asymmetric Strategic Conflict

Briefly, the present global strategic crisis is broadly comparable to that of the 1928-1933 interval of collapse of that then-dominant world monetary-financial system which had been adopted in the Versailles Treaty proceedings. There are broad political and economic similarities between that crisis and today's, although I warn that the present economic crisis of Europe and the Americas is much deeper than that of the 1933-1939 interval. Also, given nuclear weapons and related arsenals, the failure to conquer the economic crisis today, would be more threatening to humanity as a whole than anything since the June 1940 actions by U.S. President Franklin Roosevelt and then British Defence Secretary Winston Churchill. I refer to those 1940 actions, taken in the context of the British Expeditionary Forces' evacuation from Dunkirk, actions which produced the initial preconditions for what later proved to be not only the ultimate defeat, by chiefly an Anglo-American and Soviet alliance, of the global imperial ambitions of the Adolf Hitler regime at that moment, but the doom of that regime itself.

The same type of danger experienced during 1936-1940 has now reappeared in a new form, as a relatively immediate



A 1996 Chinese view of the new Land-Bridge corridor from Lianyungang to Rotterdam—an infrastructure "great project" involving many nations—with the existing Trans-Siberian Railroad corridor shown to the North.

risk, a risk which has been accelerating since the series of seismic, global monetary-financial crises of the 1997-1998 interval. The present threat to the planet now posed by Vice-President Cheney's policies, is an outgrowth of the failure of the U.S. government, and others, to deal competently with preceding phases of occasional eruptions—now expressed as the presently onrushing crisis—during the 1996-1998 interval.

To restate the preceding point with greater precision, the threat identified by Cheney's policies is best understood by recognizing his presently expressed intent for nuclear warfare, as the fourth comparable such internal threat to European civilization since Summer 1789. Each and all of the principal threats of this type have characteristic features in common. The first was the 1789 French Revolution with its built-in Napoleonic outcome; the second, the geopolitical war of 1914; the third, the 1939-45 war; and the fourth, the present re-eruption of what had been the global nuclear-warfare threat launched during 1945-46. All these crises were produced as reactions by a leading circle of private bankers in the 14th-Century Lombard banking tradition, reactions to what they considered a mortal threat to their collective, global monetary-financial interests.

In all four cases, including the case of so-called "neo-conservatives" associated with Cheney, the central political feature of the launching of intended warfare was the role of a notorious freemasonry deployed by a syndicate of those bankers. This freemasonic cult was known originally as the Lyons, France-based Martinists, and has also been known, since the close of the 1914-1917 war, as that Synarchist International which produced the fascist regimes of Italy's Benito Mussolini, Germany's Adolf Hitler, Spain's Francisco Franco, the Vichy and Laval regimes of France, the Japan war-party of the Second Sino-Japanese war, and kindred groups throughout Europe and the Americas. In the U.S.A. today, they are merely typified by the self-styled "neo-conservatives."

All four of these threats have coincided with the eruption of systemic general economic crises. The first, was the financial crisis of the French monarchy, which had been orchestrated over the 1782-1789 interval by the sometime British Prime Minister, the British East India Company's Lord Shelburne. The second, was the set of economic crises of 1905, organized chiefly by the British monarchy of King Edward VII, in his preparations for what became, shortly after his death, the geopolitical 1914-1917 war. The third, following the great financial crises of 1928-1933, was the aborted effort by the Synarchists behind Hitler, Mussolini, and Franco, to combine the naval and other forces of Western and Central Europe for the two-fold objective of, first, destroying the Soviet Union, and, then, conquering the U.S.A. and the other parts of the Americas. The fourth, is the effort, which had been led initially by Russell, to establish world government through terror of nuclear weapons. The latter, renewed effort by the same continuing faction among private bankers and their Synarchist assets today—by the same faction which had been behind putting Mussolini, Hitler, Franco, et al., into power then—reflects the impact of the presently systemic collapse of the world's 1972-2003, floating-exchange-rate form of the IMF monetary-financial system.

It is calculably foreseeable, that this pattern of the 1789-2003 period of globally extended European history will persist, either until civilization plunges itself into a new dark age of humanity, or until the nations bring an end to the hegemonic role of those so-called independent central-banking systems which are often more powerful than the governments over which they reign. These independent central banking systems represent the special interest of the kind of Venice-style syndicates of merchant banking which was behind the pattern of warfare typified by those four outstanding cases. In the presently evolved state of world affairs, the only way in which such a remedy could be obtained, is through a form of international monetary-financial relations suited to the long-term requirements of that kind of economic partnership among sovereign nations which is now struggling, awkwardly, to emerge on much of the Eurasian continent today.

We have now reached such a fork in the road of world history. The prospect is, on the one side, terrifying to anyone with the courage to see what lies presently before us; but, the alternatives are wonderful, if we have the wisdom and will to bring those changes about.

Stated in those terms, the great strategic issue of today, can be redefined in terms of the need for long-term agreements among sovereign states premised upon public credit at rates of between 1% and 2% simple interest. The presently increasing tendency for long-term economic cooperation among Western and Central Europe, and with both Russia and the nations of Central, East, Southeast, and South Asia, requires a foreseeably massive flow of newly created credit; that, over an initial period of up to two generations' duration. Such a mass of long-term credit for development must occur largely in the form of corresponding treaty-agreements among nations and regional groups of nations. For that purpose, a system of approximately fixed-exchange-rate currencies, akin to the original Bretton Woods system, is required.

The painful lessons of the 1971 collapse of the original Bretton Woods system, show us two things of crucial strategic importance for today. First, that, despite certain radical changes from U.S. President Franklin Roosevelt's post-war intentions under U.S. President Harry Truman, the surviving elements of Roosevelt's original intention of Bretton Woods worked very well in fostering post-war reconstruction in western Europe and many other parts of the world, until approximately the middle to close of the 1960s. Second, that the spread of measures of so-called financial deregulation introduced from the U.S.A. and Britain during the late 1960s, through the 1970s, and beyond, wrecked the original Bretton Woods agreements, and led, stepwise, to the presently hopeless bankruptcy of the present form of IMF system.

It is no accident, that what is happening to the present, floating-exchange-rate monetary system, is, in principle, an echo of that same kind of financial collapse as Europe's so-called "New Dark Age," which overtook the usurious Lombard banking system of the Fourteenth Century. The late-1960s seizure of political control by private interests representing so-called "shareholder value," has produced a cancer-like increase of the ratio of financial gains to physical-economic growth, a process which has driven physical-economic output below a true breakeven-point, but has maintained nominal financial profits of shareholders through an implicitly hyper-inflationary spiral of nominal financial assets driven by wild-eyed monetary expansion.

The result is, that the total of the extant financial claims implicit in the world's present monetary-financial system, far exceeds the foreseeable physical assets of the world economy as a whole. At this point, the U.S. economy is kept from collapsing under the increasing threat of general financial disorder, only by the nearly depleted ability of governments to continue subsidizing the existing monetary-financial bubble with new masses of nominal, essentially fictitious, even electronic-printing-press monetary assets.

So, Europe's Lombard banking system plunged itself into the Fourteenth-Century New Dark Age, during which no less than an estimated one-third of the existing population-level was wiped out. Now, as then, the crucial political issue is: Shall government cancel, or defer payment of the unpayable portion of hyperinflated financial debt; or shall financier interest loot the government and its population to the degree of causing a recurrence of something resembling that New Dark Age? Shall the government protect the nation and its people, or defend the private financier interest by destroying much of its own population? Nothing less deadly than that is the choice before the nations now. That has been, increasingly, the general state of world affairs for more and more of the world, since the October 1987 collapse on the U.S. stock exchange.

The nexus of modern society's financial crises and wars, is essentially the following.

As long as nations remain sovereign, they have the lawful authority, under the superior rule of natural law, to put bankrupt financial institutions into receivership for government-supervised financial reorganization. This means the authority to extinguish the fictive existence of useless enterprises and financial claims, and to sustain and promote those bankrupt, public or private enterprises which are needed in service of the essential public interest. In such proceedings, the natural-law principle known by such names as "the general welfare"

Schiller Institute representatives, including its founder Helga Zepp-LaRouche (right), on a 1996 tour of the Institute for Nuclear Technology of Qinghua University. The occasion was Mrs. LaRouche's address to a major Chinese government conference on Eurasian Land-Bridge cooperation.

and "common good," rightly prevails over contrary claims which might be advanced by special interests. Under conditions such as those, the usurious shareholder-interest becomes the menacing adversary of the very existence of any government which is committed to the natural-law principle of the general welfare. Under such conditions, predatory wars between nations, become likely. Under such conditions, the impulse from among much of private financier interest, is expressed as the wish either to destroy the existence of all sovereign nation-states, or to reduce existing nations or other forms of local self-government to mere objects of some form of an imperial rule established on behalf of rentier-financier interests.

The Shelburne Syndrome

In medieval and modern European history, the relevant model for new empires is the Rome of the Caesars, as the British East India Company's Lord Shelburne's imperial will was expressed by such among his lackeys, as the historian Gibbon, the so-called economist Adam Smith, and the leader of his Secret Committee, Jeremy Bentham. The case of Shelburne's decades-long preparations, since 1763, for, and direction of the period of the successive phases of the 1789-1815 French Revolution, is the model for such a modern European form of that quality of imperial design.

However, to understand extended European history since 1789, we must add a qualification. Although Shelburne's referenced model of Empire is that of the Caesars, the more immediate variety of that model is that of that de facto imperial maritime power of the financier oligarchy of medieval Venice, an imperial power which Venice maintained through such forms of collaboration with the Norman chivalry as those so-called Crusades of the interval from the Norman conquest of England, deep into the Thirteenth Century. During the course of the Seventeenth Century, the emergence of the Anglo-Dutch Liberal model of imperial maritime power as the successor to Venice, a power exerted by a financier oligarchy, emerged to become the principal factor in determining the history of European civilization to date. On this account, the British East India Company of the Eighteenth Century defined itself as "the Venetian Party." The development of the doctrine of geopolitics by the British Fabian Society, is symptomatic of the way Shelburne's Britain earlier had seen the imperial conflict between the Anglo-Dutch form of maritime power, and the threats it located in sources of resistance to that maritime power from the Americas and mainland Eurasia.

So, we have the history of Shelburne's fostering and use of that Lyons-centered, Martinist, neo-Dionysian form of freemasonic cult, that of Cagliostro, Mesmer, and Joseph de Maistre, which was behind both the Jacobin Terror and the rise of Napoleon Bonaparte's empire. The operations of this cult were originally conceived and directed to the ends of preventing that 1776-1783 virtual alliance of France and the Americas, and of the League of Armed Neutrality, which was, at that time, the principal challenge to the imperial designs of Shelburne's British East India Company. The alliance of Spain's Charles III with both the American and French cause, represented, together with the broad sympathy for the cause of U.S. Independence across pre-1789 Europe, a massive

threat to the future power of the emerging British empire.

The proposal by Shelburne's lackey Gibbon, for the establishment of a paganist revival of the Roman Empire as a British Empire, and the "free trade" dogma of another Shelburne lackey, Adam Smith, were among the most characteristic expressions of the Anglo-Dutch Liberal model which has played a determining role in global extended European history, from that time to the present. Since that time, the model of Napoleon Bonaparte's imperial tyranny has been what became known as, variously, the Synarchist International and fascism, during the decades following the 1914-1917 war. The cultish formation known as Martinists or Synarchists, is, today, as then, the creature of a concert of private financier interests corresponding to the neo-Venetian, Anglo-Dutch Liberal model.

To bring the picture up to date, the following amendment must be taken into account.

The special war-time relationship which developed in June 1940, between U.S. President Franklin Roosevelt and then British Defence Secretary Winston Churchill, was premised upon the evidence that certain pro-Hitler forces within the British oligarchy were disposed to join with defeated France in an anti-American, anti-Soviet pact with Hitler's Germany. Churchill was among those in the U.K. whose abhorrence of becoming appendages of Hitler's world empire, prompted them to form a national-patriotic alliance with Roosevelt, against Hitler. Until the war was virtually won, with the 1944 breakthrough at Normandy, even those financier interests of Britain and the U.S.A. which had supported Hitler's rise to power in Germany, remained temporarily loyal to the role of U.S. President Roosevelt's war-time leadership.

After the Normandy breakthrough, a profound shift in loyalties came to the surface, notably in the support for U.S. Senator Harry S Truman's nomination as a Vice-Presidential candidate at the Summer 1944 Democratic Party convention. The nuclear bombing of Hiroshima and Nagasaki, the brutal military suppression of the independence of former French, Dutch, and other colonies, and Winston Churchill's "Iron Curtain" speech, marked the sharp turn to the wild-eyed right which persisted throughout the Truman Presidency, and was checked, temporarily, by the Presidency of the military traditionalist Dwight Eisenhower.

Since the missiles crisis of 1962 and the assassination of President John F. Kennedy, an accelerating process of change came over the U.S.A. and Britain, leading through the U.S. Indo-China war, and through the 1971-72 establishment of the floating-exchange-rate IMF system, into the present, global monetary-financial catastrophe.

Presently, the events of Sept. 11, 2001 have brought the U.S. to the brink of being transformed into an imperial form of fascist dictatorship bent on preventive nuclear wars. Fortunately, the neo-conservative cabal, presently grouped around Vice-President Cheney and Attorney General John Ashcroft, has not yet succeeded in consolidating its intended power, and might be ousted. Nonetheless, it is made clear that a U.S. controlled by that Synarchist interest expressed by the neo-conservatives, is bent upon succeeding where Hitler failed. The difference between 1940 and today, is that, in June 1940, Roosevelt and Churchill cooperated to defend the world from Hitler's global imperial ambitions; whereas, today, the Cheney-Blair partnership typifies the threat of a fascist world empire imposed by an English-speaking interest now centered in what had been formerly President Franklin Roosevelt's war-time U.S.A.

So far, I have done as much as I have actually accomplished in the effort to free the U.S. government from the grip of the so-called neo-conservatives, only because an increasing number of influential patriots have acted in support of what I have been doing in leading the internal resistance to the circles associated with Cheney and Ashcroft. The U.S. of Abraham Lincoln and Franklin Roosevelt has become virtually a sleeping, now slowly awakening giant inside the U.S. institutions. The neo-conservatives and their financial backers are still but a vulnerable, actually tiny, if extremely aggressive minority, which can be defeated if the giant is fully aroused in time. My objective is to rely upon awakening that sleeping giant, so that we might succeed today where true heros such as Bailly and Lafayette were defeated by the sundry post-1787 follies of a French King and his Habsburg wife, in July 1789. For us, Bailly, Lafayette, Lazare Carnot, and their like are not forgotten; they are our comrades-in-arms in the continuing battle for the cause of civilization. Their war goes on, in our time, and by our hands.

The point has been reached, at which that Synarchist threat could be, and must not merely be defeated, as it was only set back in June 1940. This time, the existence of contemporary means of warfare requires that the Synarchist threat must be eradicated, and the private rentier-financier interest of so-called "shareholder value," must be tucked safely into appropriately regulated constitutional cages within which its inbred, Venetian disposition for rapacity can be kept under control. We have no choice but to act so; the human and related costs of a new land-war in Asia would be too great for any among us to allow the conditions for that war to be brought about.

2. The Eurasian Option

The 1971-1972 creation of the decadent, floating-exchange-rate mode of the IMF monetary-financial system, has produced a complex of paradoxical shifts in the relations among Europe, English-speaking North America, and Australia-New Zealand, on the one side, and the rise of some of the leading economies of East, Southeast, and South Asia.

As a result of a 1971-1972 rigging of the international monetary-financial markets—a rigging effected through agencies including the IMF and World Bank—the relative

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value of currencies has been rigged to the effect of lowering the relative value of currencies in nations exploited for cheap-labor production of exports for consumption by the G-7 economies; meanwhile, the G-7 economies, led by the U.S.A. and U.K., have been destroying their own relatively "high-priced" forms of basic economic infrastructure and productive employment. The gamblers have taken over the economy, and transformed our farms and factories into virtual mere casinos.

Thus, the 1971-2003 interval has accomplished the common ruin of the prevalent conditions of life of the majorities of populations, in both the G-7 nations, and many of the so-called developing nations, while sending sub-Saharan Africa to a sojourn in Hell. In this process, the internal economies of the G-7 nations, have shifted their essential characteristics, from their former role as producer societies, into an increasingly parasitical, decadent form of "consumer," or "pleasure" societies, a turn reminiscent of the decadence of ultimately doomed ancient imperial Rome. The U.S.A. and U.K. have led in this process, since about the time of the first Harold Wilson government of the U.K.; but, the economies of continental Europe and Japan have also moved in the same general, downward direction.

In this process, there has been a relative advance in the relative technological competitiveness of certain nations of East, Southeast, and South Asia, led by, notably, China, India, South Korea, and Malaysia. This pattern among those nations within Asia is complemented by Japan's continued, but declining success as an industrial-export nation, despite the downshift toward some post-industrial habits, especially since the mid-1980s impact of the notorious "Plaza Accords." Meanwhile, the growth of population in this region, as typified by the cases of India and China, requires a large increase in long-term investment in basic economic infrastructure, long-term investment with increasing emphasis on investment high-technology capital goods. The leading requirement is for rapid increase in long-term gains in productivity per capita and per square kilometer; and, as in the case of China, transforming large areas within its territory into the form of prosperous future communities. The complementary requirement, is for the development of mineral and other natural resources needed to feed the requirements in the more densely populated regions of that continent.

These combined requirements define a new quality of natural partnership of: on the one side, East, Southeast, and South Asia; on the other side, Western and Central Europe; and, in the middle, the characteristically Eurasian economies of the CIS nations. So, Japan has no reasonable economic future, unless it shifts back to a role as a hard-commodity exporter, especially of capital goods, especially to the growing market represented by its neighbors in Asia. The present markets for high-value hard-commodity products from Western and Central Europe, are represented, on the one hand, by high-gain development in East, Southeast, and South Asia, and also the potential Eurasian market typified by Russia and Kazakstan, which must play a crucial mediating role in economic relations between Europe and the indicated nations of East, Southeast, and South Asia.

The fulsome realization of the great objective economic potential this represents for all those partners, requires a new monetary-financial system of relatively fixed exchange-rates

within Eurasia. Under such a reformed system, the credit needed to generate adequate flows of hard-commodity exports, can be generated largely through long-term treaty-agreements designed to create the needed state-backed credits for such growing volumes of trade. Implicitly, this requires a new international monetary-financial system, as the context within which Eurasian development proceeds over the coming terms of twenty-five to fifty years of capital cycling (two generations).

This also requires a subsumed system of long-term protective pricing arrangements, and related tariff and trade agreements. In general, the states which become party to such agreements must recognize, that the essential responsibility of a government, in creating an issue of national currency, is to take such regulatory measures as are necessary to prevent the price of money from soaring above the former price of standard market-baskets of physical goods and essential services.

That much said, we must now recognize that the attempt to define costs and prices on the basis of competition within a monetary system, is useful only up to a certain limit. When the implications of factors such as basic economic infrastructure are taken into account, policy-shaping must shift emphasis from monetary, to physical-economic considerations. We must examine the situation from the standpoint of the principles of physical economy, rather than some form of monetary doctrine.

Money and Physical Economy

The remaining key question is twofold. First, how should Eurasia develop its economy at this point in history. Second, what is the specific role which the U.S.A. should play in a world which must tend to become dominated by a new Eurasian development-process?

The needed keystone of the arch of progress in Eurasia, from the Atlantic to the Pacific, and to the Indian Ocean, is not money-economy, but physical economy. When we add regard for the future role of the mineral and related potential of North and Central Asia, physical economy means the principles implied by scientist V.I. Vernadsky's notion of the Noösphere. I mean the view of both the ecology and economy of our planet from the standpoint of reference of the three great, phase-space classes of universal physical principles, abiotic, biotic, and noëtic, as defined by Vernadsky's extension of the notion of experimental physical chemistry to the larger domain of geobiochemistry.

As I look at the Eurasian continent from my standpoint in the history of my own republic, the United States, modern European civilization has been divided, by opinion, among principally three, distinct concepts of economy. One of these three, is national economy, a concept of physical economy which the founders of the U.S. republic derived from the successive contributions of France's Jean-Baptiste Colbert and Leibniz's founding of physical economy as a body of science. The second, is the Anglo-Dutch Liberal model, often called "capitalism" today, as codified by the British East India Company's Haileybury School of Shelburne's crew, by such Shelburne lackeys as Adam Smith and Jeremy Bentham. The third, is the range of socialist models associated variously with the continental social-democracy and the Soviet system. The collapse of the Soviet and Comecon economies, toward the close of the 1980s, was often perceived by the credulous Americans and Europeans as final proof of the superiority of the Anglo-Dutch Liberal version of "capitalism"; unfortunately for all concerned, the world's most successful form of modern economy, the American System of political-economy of Franklin, Hamilton, Friedrich List, and Henry C. Carey, was not taken into the general equation during that 1989-1992 interval.

Now, the hegemonic present world economic system, a radical version of the imperial British East India Company model, is gripped by the closing phase of a decades-long slide into its present state of general collapse. The characteristic feature of this collapse is the inevitable outcome of any system of political-economy which pursues the increase of nominal monetary and financial values by means of the destruction of the physical-productive forces of what Vernadsky defined as the Noösphere. The currently onrushing general collapse of the U.S. system of generation and distribution of power, a collapse caused by that predatory financial speculation set in motion by deregulation of that system, typifies the mental disease which must now be eradicated from the world's economic thinking. What must be eradicated is blind religious-cult-like belief in that London-born cut-purse of usury, the alleged god of Bernard Mandeville and Adam Smith known as "The Invisible Hand." What must be eradicated, in effect, is what has become known as the contemporary, radically monetarist definition of "capitalism." What is required is something which is neither the former Soviet model, nor the Anglo-Dutch Liberal model. What is required is a new global standard for measuring the performance of a money-economy, the standard of physical economy. A glance at some essential features of the work of Vernadsky provides the best way of approaching such a review of the history of the world's present political-economic crisis.

The historical root of the present problem is the known history of forms of society, such as legendary Sparta or imperial Rome, in which some people hunted, or herded and culled populations of other people as they were human forms of cattle. The essential immorality of these forms of society was that they, in both doctrine and practice, denied the existence of a fundamental distinction between man and beast. For, if man were merely a beast, than how else should society be composed, but as Thomas Hobbes and John Locke prescribed, as man behaving as a beast toward man, man as a candidate for the Lockean status of another man's property.

In the Anglo-Dutch Liberal model, and its economic dogmas, there is no room for the role of that which sets the human

individual apart from and above the mere beasts, the role of what Vernadsky defines as the specifically human, noëtic principle of Classical scientific and artistic composition. The entirety of the true progress of modern European civilization and its influence, since Europe's Fifteenth Century, has been premised on elevating all persons to their recognizable place as apart from and above the beasts, as persons whose economic and cultural development to higher powers is the principal obligation of that modern state sometimes known as a "commonwealth." So, national territories ceased to be mere farms on which landlords milked or culled human cattle; modern Europe began to transform those mere farms, thus, into nation-states governed by their obligation to promote the general welfare of all humanity within that realm.

In respect to the role of physical science as such, the source of physical-economic progress, as measured per capita and per square kilometer, is the application of technologies which are derived from the discovery of universal physical principles. No true profit is generated within any economy except as the fruit of the kind of change in cultural practice typified by scientific and technological progress. It is by means of this noëtic capacity, and nothing else, that mankind's population has been increased from the potential of several millions living individuals, available to species of higher apes, to more than six billions today. To call anything else "profit," is to make the name of "profit" a dirty word fit only for the mouths of such depraved creatures as thieves and gamblers.

This specifically human faculty is reflected in mathematical physics by that notion of the complex domain which Carl Gauss specified, in opposition to a sophistry by Euler and Lagrange, in a 1799 paper; a Gaussian notion developed to a certain degree of approximate completeness by Bernhard Riemann.

The related, essential concept bearing upon a science of physical economy, is the understanding that the human sense-organs are part of our biological apparatus, such that our senses shadow the impact of the real universe around us, but imperfectly. As the point is illustrated by modern progress in microphysics, there exist universal physical principles, beyond the direct reach of sense-perception, which we discover as experimentally proven mental solutions to the paradoxes of sense-perception. The significance of the mathematically complex domain for physics, is that it reflects the discrepancy between the shadow-world of sense-perception, and the real universe behind the shadows.

These solutions, as they appear in the domains of both physical science and Classical artistic composition, represent the accumulated heritage of present and preceding generations of mankind, combined, and are the principles by aid of which mankind is able to increase its potential relative population-density as no other species can imitate this. The crucial implication of this for political-economy, is that true profit of an economy as a whole is produced solely as the result of the application of accumulated discoveries of this sort. This poses the crucial problem of all attempts to define a rational form of economic science. The task is to foster that cultural progress associated with the notion of scientific and technological progress; there is no other source, than that, of true profit, of true value.

The great paradox of economy is that true human creativity, as typified by the discovery of experimentally validated universal physical principles, occurs only within the sovereign bounds of the individual personality. However, the realization of these discoveries occurs only through a social process, and also requires those forms of mankind's alteration of the total area of habitation which economists classify as basic economic infrastructure. In a viable form of modern economy, no less than approximately half of the total expenditure of economic effort of society must be allotted to the development and maintenance of basic economic infrastructure. Money is properly created, and managed, only by the sovereign nation-state, and used as a necessary, useful-fictional bridge between the individual and the reality of social processes of the national economy as an integrated process.

This is reflected in the American System of political-economy, as described by Treasury Secretary Alexander Hamilton, as a necessary general division of labor between entrepreneurial ventures such as those of agriculture and manufactures, and the responsibility of government for developing the basic economic infrastructure of the area of the whole

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Seminar on "Russia, the United States, and the Global Financial Crisis," in Moscow on April 24, 1996. American statesman Lyndon LaRouche is speaking (at left, in front of the table); seated are Russian Academy of Sciences member Leonid Abalkin (third from right) and former U.S.S.R. Prime Minister Valentin Pavlov (right).

nation. In that system, the physical functions of a notion of entrepreneurship premised on sovereign individual powers of creativity—not so-called "shareholder values"—constitute the accepted notion of the legal right to exist of business enterprises. The recent decades of systemic destruction of the true entrepreneur, as in the U.S.A. and Germany, in favor of the financier's large corporations, typifies the means by which the spread of something worse than economic mediocrity has infested the Americas and Europe. The hypocrites of these times speak much of "human freedom," but do all in their financial-corporate power to crush actual creativity out of its rightful essential place in the economy at large.

Meanwhile, the mental disease called "free trade," has the effect of driving prices on the world market to levels below the true cost of production. The result is a vast destruction of essential physical capital in both the private production of goods and in essential basic economic infrastructure of such categories as production and distribution of power, water management and general sanitation, mass transport of people and goods within both the nation at large and the local communities, and in health-care and education. The result of the recent decades rampage of monetarist "free trade" dogmas has been a disastrous lowering of the physical income of much of even that portion of the world which had been generators of net physical progress earlier. In effect, the actually produced physical income has fallen, as in the U.S.A. today, below that needed to produce the labor-force at its recent levels.

Money is, by its nature, worse than an idiot, and knows nothing about real economy. Money is needed as a mediation of the role of the creative individual within the society at large; but, money must be regulated to the following included effects: a.) That the price of goods sold must be "a fair price," which reflects nothing less than the true physical price of production, including the physical costs to society of public infrastructure; b.) That the price of labor must reflect the true costs of producing and maintaining the family household at levels of physical improvement consistent with the adopted goals of economic progress; c.) That the accounted costs of improving and replenishing the environment in ways consistent with the long-term goals of society, must include mankind's management and improvement of the Biosphere and its essential abiotic substructure.

The latter consideration strikes with great force as we turn to the physical-economic role of the regions of Central and North Asia in the present and future development of the growing economies of Eurasia as a whole. We have come to the threshold of the need to think of managing and replenishing of the essential mineral resources of that region in accord with the increasing per-capita needs of the growing populations of regions such as East, Southeast, and South Asia.

'The Advantage of the Other'

The crucial political challenge in Eurasia today, is the need to overcome the discrepancy between perceived and actual self-interest of nations and peoples. Currently, Western and Central Europe need East, Southeast, and South Asia, and those regions of Asia need Europe. For both parties, the fulfilment of that need requires the success of the progress of the other. Asia's success depends upon the benefits supplied from Europe, and Europe's economic security requires the successful growth of the economies of Asia. Both require the keystone cooperation of that Eurasian nation known as Russia. Both require the unleashing of Russia's largely fallow

economic-technological potential; and Russia needs the needs of Europe and Asia on this account. The future of all of these requires the relevant development of Central and North Asia.

This specific concept was put forward by the peace-maker Cardinal Mazarin during the period of the 1618-1648 Thirty Years War. The desired outcome of the Treaty of Westphalia was expressed by the work of Mazarin's collaborator, Jean-Baptiste Colbert, in launching the general revival of the economy of France and the scientific progress of all Europe, during the period preceding the great follies of France's King Louis XIV.

The crippling folly of Europe since Louis XIV pushed Colbert from power, has been Europe's general accession, to the present day, to the independent power, superimposed upon the will of governments, of consortia of private merchant-bankers and related financial institutions: the contemporary institution of the "independent central banking system." Originally, the 1787-1789 establishment of the Federal Constitution of the U.S.A., had banned private financier institutions from exerting control over the currency and credit of the U.S. republic. This had been intended to spread to a constitutional reform of France's monarchy, and, thence, to other parts of Europe. The intervention of the London-directed French Revolution prevented that. Since that time, a relatively weakened, or betrayed U.S. government has consented to domination of the U.S. economy by the influence of the British gold standard-system, or, more directly, the U.S. Federal Reserve System installed in the interest of British King Edward VII's New York City asset Jacob Schiff.

However, President Abraham Lincoln had reactivated that Constitutional authority, as President Franklin Roosevelt did, to a large degree, later. The original constitutional design of the U.S. republic gives that authority to the U.S. Federal government; even in the darkest periods, the tradition of that authority lurks, ready to strike to regain its original authority.

In contrast, the Anglo-Dutch Liberal model of parliamentary government is inherently enslaved to the yoke of an independent central banking system. As the history of Europe shows, since 1789, the combined effect of a Habsburg legacy and its rival, the Anglo-Dutch Liberal model, has led to many awful upheavals in European governments, upheavals which reflect, chiefly, the inherent weaknesses built into the Anglo-Dutch Liberal model. Thus, despite the great Civil War which Britain's Lord Palmerston orchestrated in the U.S.A., the U.S. Federal Constitution remains essentially intact, as a form of government today; no nation of Europe, barring the special case of Switzerland, could claim the same.

This means, that if, and when the U.S.A. returns to the original intention assigned to it by the great European Classical humanist movement which sponsored its coming-into-being, it has a special kind of inherent moral authority which could, and must be put to work to the advantage of the world at this present time of crisis. There are two points on which this historically determined, potential role of the U.S.A. is of special importance to the world at large. First, to help in inducing other nations to free themselves from the tyranny of so-called independent central banking systems. Second, to project the intention referenced by the United States' John Quincy Adams for the Americas, in particular, and, implicitly, for the world in general: the establishment of a community of principle among sovereign nation-states. That principle is what the 1648 Treaty of Westphalia recognized as "the advantage of the other."

In contrast, unfortunately, the notion of a multipolar world implies a peaceful arrangement among a collection of individually Hobbesian states. The logic of such a simplistic defense of national sovereignty, is that it leads toward what that pair of British fascists in fact, H.G. Wells and "preventive nuclear warrior" Bertrand Russell, defined as a "world government" derived from the axiomatic assumptions listed in Well's 1928 ***The Open Conspiracy.*** All such notions of a peace reached through negotiation of arithmetic calculation of *a priori* axiomatic assumptions, must seek peace, but produce war.

We have passed the time that war should be considered for anything but strategic defense, and that danger itself avoided by developing a community of nations each dedicated to the advantage of the other.

There must be an affirmative principle, not an *a priori* one, but rooted in reality, as any scientific principle is. The principle is the nature of humanity, of the individual as set apart from, and above the beasts. The common defense of our species, so defined, through an alliance among sovereign peoples each distinguished by dedication to common choice for enjoyment and development of a national cultural heritage, must be adopted as the arrangement through which the species interest of humanity as a whole is assembled for deliberations on common purposes and common actions. The expressed concern by one nation for the advantage of the other, is the bond which brings these nations together for durable forms of peaceful collaboration.

We have passed the time that war should be considered for anything but strategic defense, and that danger itself avoided by developing a community of nations each dedicated to the advantage of the other. The challenge of today's Eurasian continent has become thus the principal battlefield of ideas on whose outcome the future of humanity will depend for generations to come. The United States must, hopefully, play its part in service of that cause.