EIR Feature

WHAT GLORY PRICE?

Greenspan, Seneca, And Their Baths

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A currency which is not permitted to cause a national economy to grow and increase its productivity and social stability through creating public credit, is a dying, or already dead currency of a nation on the way to national economic suicide, perhaps as a Germany under the austerity policies dictated to ministerial Chancellors Brüning and von Papen, was waiting for Hermann Göring to set fire to the Reichstag.

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Federal Reserve Chairman Alan Greenspan once reported that he spends much of each day in the bathtub, a practice which does not appear to have improved that inflated aroma which hovers over our nation's political and financial capital. There are precedents for that: Nero's teacher, Seneca, drained his life away in his tub, without actually coming clean. Notwithstanding all that, it might help the aroma and economy of Italy and other parts of the world's present situation, were the Siena Group's Robert Mundell to be scrubbed.

Even today, apparently few scholarly investigators have yet to uncover the exact source of that certain stench which all the members of that trio of Hellish celebrities, and their like, have radiated—*Pfui!*—in the course of their coming and going through the corridors of power.

Take the issue of prices, for example. How do we clean up this stinking, present situation with prices? Mortgages and rents are so high they are about to burst; health-care is dwindling at an accelerating rate, with wages and pensions of honest folk much, much too low, while the purchasing power they represent is collapsing fast. What is the right price of anything? The more thoughtful of our ordinary folk are asking, "Why has shipping jobs out to places where labor is cheaper, rather consistently happened to lower our standard of living here in the U.S.A.?" Ask as you might. Being thoroughly dead, Seneca does not respond to questions any more. Greenspan and Mundell sometimes do, but, for the sake of the smell which is already too much to bear, we would prefer they wouldn't.

The world monetary-financial system is now sliding over

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Seneca (left), the Stoic "philosopher" and writer of the Roman Empire's equivalent of snuff films, committed suicide in 65 A.D., on orders of the Emperor Nero. The Siena Group's Robert Mundell (right): a Nobel laureate economist in need of a scrub.

U.S. Treasury Department

Federal Reserve Chairman Alan Greenspan (right) at a G-7 meeting in Boca Raton, Florida in 2004. With him, from left, are Iraqi Central Bank Governor Sinan al-Shabibi, Iraqi Finance Minister Kamel al-Gailani, and U.S. Treasury Secretary John Snow. Few scholars have yet understood the source of the stench emanating from Greenspan's insufficiently scrubbed person.

the edge, into a general economic collapse of nearly everything, almost everywhere. As I have already reported, there is only one actually workable alternative at this present moment. The solution involves the fixing of the prices of the world's principal currencies as was done under President Franklin Roosevelt's Bretton Woods System; but, how should we set the prices of those goods which will be traded within the new system? How—and why—shall the prices of those goods be set?

Sound answers to those questions can be found, as the precedents of the former U.S. practice of "fair trade" policy should remind us today; but, given what Greenspan and Mundell are, they, like their kind, would hate the answer to that question, and the stoical Seneca probably would have gone to death in his tub, all over again, rather than endorse such a proposal.

The answer to that question about prices, is already implicit in such earlier sources as my "Vernadsky and Dirichlet's Principle," and in my relevant remarks, subsequently published, from the June 28-29 seminar held with our invited group of international celebrities in Berlin. However, a more elaborated treatment of the subject of *protected prices* than I have supplied in those locations, is now required for the information of the relevant committees of the Congress, and others. In the following pages, I present the rudiments of the way in which this challenge must be addressed.

Let us begin this discussion by, so to speak, sinking our anchor into the sand along the relevant shoreline. Accept the clinical case of Robinson Crusoe as the actual historical figure whose documented experience inspired Daniel Defoe's novel; but, then contrast the real-to-life figure of Defoe's tale, with the perverted interpretation of that tale which was adopted by that John von Neumann and Oskar Morgenstern who were the original authors of the kind of failed formulas used to generate the 1998 LTCM disaster, and the worse catastrophe of the presently continuing Spring-Summer hedge-fund crisis.[1] That pair. von Neumann and Morgenstern, used the abused name of Defoe's character as the axiomatic basis for the development of their piece of radical-positivist lunacy named ***The Theory of Games and Economic Behavior.***[2] The appropriate place to begin a discussion of the theory of prices, is to say that, whereas the historical figure employed by novelist Defoe was a modern Europe's castaway, struggling to survive upon a chiefly uninhabited island, von Neumann and Morgenstern use the name of Robinson Crusoe to distract the suggestible readers' attention away from the fact that the "Robinson Crusoe" of their book, like H.G. Wells' ***The Island of Dr. Moreau,*** is not based on any case of either an actual or fictitious model of a real-life human being, anywhere.

There is more than a bad smell for you to consider in

1. The relevant dogmas of von Neumann and Morgenstern are traced from the utilitarianism of Jeremy Bentham, the French school of Leon Walras, and, most emphatically, the Austrian marginalist school of Carl Menger, Eugen Böhm-Bawerk, et al.

2. (Princeton University Press, 1944; 3nd edition, 1953). The treatment of the relevant elementary features of those authors' argument is found under Chapter 1, Section 2 of the 1953 edition, pp. 8-15. The scientific absurdity of the entire enterprise of those authors and their numerous devotees is summed up in the, essentially fascist, statement of principle by those authors: "A particularly striking expression of the popular misunderstanding about this pseudo-maximum problem is the famous statement according to which the purpose of the social effort is the 'greatest possible good for the greatest possible number.' A guiding principle cannot be formulated by the requirement of maximizing two (or more) functions at once."

In the domain of mathematical physics, that statement by the authors is an example of the form of stupidity in matters of physical science all too typical of the accomplished idiot-savant in logical-positivist perversions of mathematics; when such jabber as von Neumann's is applied to social practice, it is implicitly criminal behavior. Real processes are not represented by the mechanistic formalism of the empiricists and positivists, such as von Neumann, but the dynamic method of such as Leibniz, Gauss, and Riemann. Von Neumann and Morgenstern refer to the Nineteenth-Century Austrian ideologue, Eugen Böhm-Bawerk as the precedent for their use of a "Robinson Crusoe Model."

examining that work of von Neumann and Morgenstern. Their model for economy is now still being widely applied to actually human beings, six decades later than the date of publication of that book's first edition, this with increasingly brutish consequences for most of our citizens, over most of the subsequent decades. It would be impossible to identify fully the sources of the presently onrushing general collapse of the world's present monetary-financial system, without taking the presently global influence of the virtual lunacy, or perhaps worse, of British aristocrat Bertrand Russell's acolyte John von Neumann prominently into account.

The emphasis on the pernicious influence of John von Neumann in the field of contemporary practice of what is called "mathematical economics," is necessary in light of the importance of those new degrees of lunacy added to the practice of economics since the influence of the particular form of mass-insanity associated with the work in the field of economics, of the two most relevant former acolytes of Bertrand Russell, Norbert Wiener, and John von Neumann. Although there was significant resistance to so-called "Operations Research" methods, as "ivory tower" fantasy, during the earlier years of the post-World War II interval, by the middle to late 1960s, the indoctrination of the student populations of the 1950s spread the ideology of "post-industrial society," and with it the lunatic fads of monetarism in which the legacy of von Neumann and Norbert Wiener plays a very significant, destructive role today.

It is most notably relevant to the distressed state of the world's economy today, that both Wiener and von Neumann had the distinction of being kicked out of Göttingen University by the famous David Hilbert, on grounds of the same incompetence which produced the swindles known as "information theory" and the economics of von Neumann and Morgenstern.[3] Wiener, for example, is famous for a doctrine of "information theory" whose intended function is to outlaw scientific and related productivity,[4] while denying the existence of those qualities which distinguish human beings from mere beasts.[5] For example, von Neumann is particularly notable today, among other charges properly directed against his influence, because of his part in inspiring what were developed later as those utterly incompetent mathematical schemes which, as models, spawned the 1998 LTCM and most recent international "hedge fund" crises. More notable, however, is the fact that in the work of Wiener and von Neumann on economics and the functions of the human brain generally, no place for actually human beings is allowed.

Contrary to the post-modernist, logical-positivist presumptions of the neo-Venetian, so-called "Austrian School's" von Neumann and Morgenstern, both Defoe's Robinson Crusoe and the real-life model for the novel's character were modern Europeans. As Europeans, they were imbued with modern—*not post-modern*—European technological culture, as figures whose survival was accomplished by transmitting the application of contemporary European culture to the real-life setting into which they had been cast.

Since earlier than the birth of language, the existing human individual has always been a creation of human society as such. He or she behaves only as a member of the relevant society, even when a castaway, or, even as a castaway of the "Austrian School." He, or she acts in response to the culture embedded within the individual from the society of the past, and, if he or she is, unlike grinning banker's boy Johnny von Neumann, fully sane, acts to better the conditions of social life which will exist in some future time. The result of such progress, is a product of the interaction of the individual impulses with the countervailing constraints, constraints not merely of the most immediate setting of events, but of the culture which has been previously developed within that individual, developed chiefly over many preceding generations of social, rather than the feral solitary life of the von Neumann-Morgenstern accounts.

This social process actually described by Defoe, was admittedly a work of fiction, but its composition was shaped by awareness of the type of historically determined constraints on the behavior of all real human beings. These are constraints which are ultimately independent of any arbitrary individual will. The culture which is shaped in this way, is neither a product of arbitrary sorts of individual, nor pair-wise minimizing/maximizing calculations. It reflects an adaption to the imperatives lodged within the evolutionary changes of the natural relationships of interaction of the human species with its total environment.

That is to say: within the functional scope of its given context, the integrity of its abiotic, Biospherical, and Noöspherical context. As I emphasized in my "Vernadsky and Dirichlet's Principle," this is always a *functionally dynamic* context, as that context is altered by human willful action upon the currently developed state of the domains of the abiotic, Biosphere, and Noösphere; but, it is never a *mechanistic* context of the sort associated with the likes of Cartesianism, or, more narrowly, the foolish fantasies of von Neumann and Morgenstern.

Thus, the "economic individual" which von Neumann and Morgenstern propose to locate as the mathematical prototype of human economic behavior, does not exist in any society: does not exist in the evidence taken from any known age of human existence, did not actually exist even within the living bodies of von Neumann and Morgenstern.

If we measure the present moment in terms of even no more than a few generations at most, any society, so considered, which might accept the viewpoint of that pair of authors, would vanish about as suddenly as you could say "Enron," or

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3. The charges against von Neumann included the accusation of plagiarism of the work of Courant, in addition to incompetence.

4. ***Cybernetics*** (New York: John Wiley, 1948).

5. ***The Human Use of Human Beings: Cybernetics and Society*** (Boston: Houghton Mifflin, 1954).

"LTCM." As a matter of fact, the unfortunate influence of that radical positivist pair's way of thinking has been an important contributing factor, in its consequences, as developed during the recent half-century since von Neumann's death, as seen in the presently looming threat to our planet today.[6] There's a stench which you should take as a warning, to avoid associating yourself with habits of the kinds of fellows which I mentioned in the opening of this report.

The topic of this treatment of the evil effects of von Neumann's influence, is the presently crucial subject of the determination of price, a topic of crucial importance for defining a workable revision of the otherwise presently doomed international economic order of today.

The subject to be addressed here, is the implications of the fact, that the actual function of price in a sane design for society, does not represent any intrinsic value in the price itself, but, rather, should reflect *the cunning use of regulation of prices,* as a device for ordering the individual pair-wise exchanges within the physical-economic process in ways which ultimately converge, *if only in effect,* upon the increase of the true, non-monetary, physical value of investment, production, and consumption in the society taken as a whole.

1. The Challenge of Defining Prices

Today, many among the best minds of Europe recognize, that the nations of Europe would now be doomed if those people were willing to remain much longer within the prison of a currency, the "euro," which represents the present version of the Maastricht agreements, prompted by Britain's Margaret Thatcher and France's President Mitterrand, whose original, and continuing purpose had been to ruin post-1989 Germany. If that recent habit of European nations does not change, then Europe as we have known it is soon doomed. Given, national economies which are currently contracting because their level of activity is significantly below national breakeven, consider the following implications.

Without sovereign currencies which are designed as instruments for creation of volumes of long-term credit adequate to bring the economies above a *physical* breakeven level, those national economies, and perhaps those nations, too, including Britain and France, are virtually soon doomed. Without volumes of credit, properly applied, to bring the level of physical output of that national economy above physical breakeven levels, the great majority of the citizens of western and central Europe would be rapidly degraded into a degree of pauperism beyond their present powers of imagination, a level even far worse than that which has already struck the region of the former Warsaw Pact nations.

However, unfortunately, on the deeper level, while many well-informed persons, inside and outside of government, recognize that these conditions exist, virtually none of my rivals among economists of today has shown the combination of political courage and concern for humanity to recognize, openly, the need for appropriate types of immediate action, to end the current policies which have not only, already brought a ruinous condition about, but also the need to end those policies for the sake of the continued existence of their nations over even the relatively near term.

Still fewer, even among putative experts, have recognized, until now, the immediate, urgent relevance, of considering the deeper, ontological implications of the global difference between the system of pricing under, on the one side, President Franklin Roosevelt's original Bretton Woods System, and, on the opposing side, the systems of pricing which were globally hegemonic either under the British Gold Standard System prior to 1931, or. under that present system, since that Azores Conference of 1972, which created the presently disintegrating floating-exchange-rate system of today's International Monetary Fund.

That is not to say that competent economists do not exist among relevant professionals. The point I am emphasizing here, is that even among those who could be trusted to act with professional competence in dealing with an assigned mission, most lack that certain, crucial added element of strategic competence which I represent in the world today. The problem is not only that most leading circles refuse to recognize the problem; among those who do see the problem more or less clearly, far too few, even among leading professionals, see clearly what are, in fact, the readily accessible means for bringing the threat under control.

The leading task featured in this present report as a whole, is to make that solution for this problem clear.

This is not an expression of any personal vanity on my part, but a product of hard work which others, simply, have not yet done. I simply emphasize that there has been a process of attrition in the quality of leadership at the level of strategic policy-shaping, which has left otherwise competent economists, even of superior rank, lacking in certain crucial elements of knowledge, elements of knowledge which happen to be, rather uniquely, my personal professional expertise. This is an expertise, which, in turn, is a fruit of more decades of a survivor's hard work than most of today's working economists have lived.

The evidence in support of my relatively unique expertise, is debatable, as almost all important ideas, even the ones on which survival may depend, are debatable, if only within limits; but, after passing the outer limits of all reasonable continuation of that debate, the evidence which would survive the criticisms, remains, nonetheless, as it had been from the start, clear, precise, and conclusive. Under present world conditions, there is no competent, durable objection to the characterization which I have just uttered here. Having said that

6. Von Neumann's last, and most radically anti-humanistic work, are his Yale lectures on the subject of "The Computer and the Brain," which appeared in print after his death.

much by way of setting the stage for the needed discussion of that matter, I now come directly to that point.

The question, whether or not the presently onrushing breakdown-crisis of the present world monetary-financial system will precede a return to U.S. President Franklin Roosevelt's system, or a very early plunge into a prolonged, planetary new dark age, will depend upon the success, or failure of the attempt to establish a clear comprehension of the actually *ontological* distinctions among the two, principal, available choices of the pricing systems, which are possible choices under the conditions of the presently onrushing crisis.

In short, the issue is the matter of choice between the system of what became popularly known as "fair pricing," inhering in that American System of political-economy, which was temporarily hegemonic internationally under the original Bretton Woods system, and the opposing, neo-Venetian,[7] Anglo-Dutch Liberal system, which had been hegemonic, more or less globally, from 1763 through 1931, and was restored to virtual global hegemony by the monetary-system revolutions of 1971-1975.

The essential problem, therefore, is, as I already stated here, the fact that even most leading economists in the world today, lack a competent understanding on the presently most crucial issue of survival of civilization on this planet, the issue of the fundamental, *ontological, rather than mere formal* difference between the two systems, the American System of political-economy and the Anglo-Dutch Liberal monetary-financial system.

The crucial point of this difference is expressed as fundamental distinction between the way prices are determined under the American System, as opposed to that presently world-hegemonic Anglo-Dutch Liberal system, which, if allowed to continue now, will plunge the entire planet into a prolonged new dark age.

Just to clear the deck for the needed discussion of this set of connections, let us get out of an obvious quagmire of futile arguments. Let us now get the presently irrelevant, but often stubbornly lingering issue, of Karl Marx as an economist, out of the way.

How Lord Palmerston Used His Karl Marx

The chief source of the problem caused by Marxism, on that account, is that most European economists, like the famous Karl Marx, were utterly duped into childish blind faith in the "scientific verity" of the Anglo-Dutch Liberal dogma, as set forth at the British East India Company's Haileybury School. While Marx did, in fact, wander pretty much all over

Karl Marx (right) and Frederick Engels. "With aid of Engels' ideological sheep-herding of Marx, . . . Marx's own product was never anything but an alternate brand-name variety of the British system."

the lot on the subject of economics, prior to the time he was taken in hand at the British Library by the British intelligence service's Urquhart, and Marx's reading list arranged accordingly, his views as set forth in Volume I of his ***Capital*** do represent an attempt to set forth a systematic representation of the core of the combined essentials of sundry Venetian, Physiocratic, British, and other reductionists' (e.g., empiricists') contributions to the hot pot of British doctrines on the subject of political-economy.

The later two-plus volumes of that work, produced by editor Frederick Engels, are a subject in themselves. which need not burden our detailed attention here. The essential thing about such later matters is, that under the controlling influence of Britain's Frederick Engels, Marx was repeatedly steered away from the American System of political-economy, first in an attack, foisted by Engels, against Friedrich List, and, later, again by Engels, against the world's leading economist of that time, Henry C. Carey, and, broadly, against the work of U.S. Treasury Secretary Alexander Hamilton. With aid of Engels' ideological sheep-herding of Marx in that way, Marx's own product was never anything but an alternate brand-name variety of the British system. Karl Marx never had any comprehension of real modern physical science or economics, outside the bounds of what the Marxists had been duped into insisting—often, even mindlessly chanting—were the only scientific economics prior to the work of Marx himself, the philosophical pig-sty often identified as the empiricist "Enlightenment." Usually, self-styled "Marxists" simply denied the existence of anything in the world outside the bounds of their rather cultish selection of canonically certifiable readings. Marx's own pitiable ignorance of physical science, and also of the pre-history and history of the Ameri-

7. "Neo-Venetian" signifies the empiricist policies of that "New Party" of Venice, which was founded and led by Paolo Sarpi. It was Sarpi's influence which spawned the emergence of the Anglo-Dutch Liberal system in such forms as the British East India Company, and also the empiricist methods associated with the name of the anti-Classical, Eighteenth-Century "Enlightenment" of such as René Descartes and John Locke.

can System in particular, are typical of this enormous ration of scientific illiteracy which dominates the tradition of Marx and of most of his self-styled followers to the present day.[8]

Much can be said about Marx's background. A few of the most relevant highlights are sufficient for our purposes here.[9]

The most essential thing, at the beginning, was that Marx was born into a circle, in this case, one centered on the ancient Roman capital known today as Trier, in which the leaders of the community had been, in the relevant time, sympathizers of the American Revolution, as typified by the leading intellectual figure of that time, who happened to be Marx's most important teacher, and an authority on the celebrated order of the Brothers of the Common Life, Hugo Wyttenbach, at the Gymnasium from which Marx matriculated.

However, young Karl Marx fell, with many of his demoralized generation, into the effects of a moral decadence of his times, as typified by the such effects as the combined aftermath of the French Terror, the Napoleonic Wars, the 1815 Congress of Vienna, Metternich's fascist-like decrees, and the vile G.W.F. Hegel's influence as a correspondent and protégé of Prince Metternich. In fact, in all his published works, and I have been obliged to deal with most of them in past times, Karl Marx, while sometimes brilliant within the bounds of that fallacy of composition which is identified by his literary output and known personal associations, never took into account any scientifically competent source, but working as a credulous ideologue, confined his attention to preferred sources which amounted to steeping himself in the methodological ideology of the Anglo-Dutch Liberal Enlightenment of the followers of Venice's Paolo Sarpi.

When his father, Heinrich, pulled young Karl Marx out of university at Bonn, for reason of Marx's corrupt personal life there, Marx was sent to Berlin, to study law under the infamous, right-wing ideologue Savigny, the Savigny who was the accomplice, in the maladministration of that university, of the wretched designer of the future fascist state, Hegel. There, Marx was drawn into a left-Hegelian British intelligence operation known as "Young Germany," a branch of the Lord Palmerston-controlled Mazzini's Young Europe association of that time. Despite friendly personal warnings to him by Heinrich Heine about the reality of the inside of the Young Europe organization, Marx ended up in London, where he remained, in fact, an asset of Lord Palmerston until Palmerston's death, and directly a sub-agent, for Palmerston, of the Giuseppe Mazzini who personally, publicly appointed Marx to head up what became known as the First International.[10]

A lot of different things may be said about Marxism, things which differ according to the hands into which that legacy happened to fall at sundry places and times; but, on the theoretical side, Marxian economics and its political implications are essentially, in all axiomatic features, a subsumed offshoot, and rationalization of the definitions, axioms, and postulates of the mechanistic, Anglo-Dutch Liberal system. Thus, the popular rant which seeks to locate modern history between the bookends of Adam Smith and Marx, is, under today's world conditions, pretty much one giant hoax of no presently redeeming virtues for current practice, especially under present world-crisis conditions.

On the subject of the theory of prices, Marx's mechanistic notion of economic *value* is either as bad, or sometimes worse, than the putative alternatives. The significance of Marx's work and influence, is historic: that unless one understands both Marxian economics' influence, and that of the other version of the same British system which Marx expressed, in depth, as I ploughed in those fields during nearly a quarter-century, and, one also knows the American System of political-economy, which is contrary to them both, one has very poor comprehension of the processes which prepared the way for what is actually happening to the world at large today.

Marx became notable for the life of the late Nineteenth and Twentieth Centuries, because of his association, chiefly from a distance, with the so-called Second (socialist) International. His work on economics continued to be known chiefly through the role of the Engels who was close to the British Empire's left-wing intelligence circles, which deployed the notorious gun-runner and organizer of other people's revolutions, Parvus, the Engels who had functioned as the editor of the posthumously published works of Marx on economics.

However, it would be a grave mistake to think of the

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8. F. Engels' brutish ignorance of Gotthold Lessing and Lessing's circles, as expressed in his praise of Franz Mehring, is merely typical of this.

9. In my own teaching of courses on the subject of Marx's economics, at sundry locations, I situated Marx's work accurately, but always within the context of my own discoveries. That is to say, as a subject examined from within the framework of my own discoveries and method. The essential difference was, and remains, that there is no tolerance for the actual, functional existence of scientific creativity in any part of Marx's work. On account of that error, the influence of Marx's method, was the crucial clinical fact which I addressed in defining the design for what President Reagan named as "A Strategic Defense Initiative," and for foreseeing, in February 1982, that if President Reagan were to proffer such a proposal, and the Soviet government were to reject it out of hand, the Soviet system would collapse within "about five years." About six were actually required.

10. The howler is that it was Marx who wrote and published an attack on Lord Palmerston, naming Palmerston as a Russian agent! The question lingers, awaiting a definite answer: Did Urquhart, or someone else put a duped Karl Marx up to doing that project? Did "Parvus," the notorious Alexander Helphand, perhaps, later learn the answer to that question? Urquhart was operating at relevant times from within the British Library, where he functioned as in charge of coordinating the correspondence with Palmerston's vast network of Mazzinian agents operating both in Europe and in organizing the foundations of the later Confederacy in the U.S.A. It was in that capacity that Urquhart, an agent of special Middle East competencies, exerted a certain influence over the miseducation of Karl Marx. "Parvus's" roles, at a later time, included his operations in association with British intelligence's Young Turk operation, together with critters such as Vladimir Jabotinsky and the Volpi who, later known as British asset and banker Volpi di Misurata, created Benito Mussolini out of, it might be suspected, something less palatable than mud. Such is real-life history.

mass-based forms of the socialist movement as a product of "Marxism" as such. As we can see from the case of the U.S.A. during the 1930s, and again during the period of what came to be called "McCarthyism," the socialist movement repeatedly gained justified importance during periods of so-called "right-wing reaction." Typical is the way in which President Franklin Roosevelt kept both his connections to, and distance from, the socialist parties of the U.S. 1930s through such arrangements as those provided by CIO leader John L. Lewis, and in the indispensable role of the socialists, who had the courage to resist, during the resistance against the wave of so-called "McCarthyism" during the late 1940s and early 1950s.

In general, the principal, more durable importance of socialist movements in modern European history, has been that, together with other movements, they have shared a tendency to promote that principle of the general welfare which was established as a policy of modern governments with Louis XI's France and Henry VII's England, as also by the 1648 Treaty of Westphalia. This is an aspect of the socialist movements contrary to the Hobbesian, "class conflict" doctrine of history, which Marx shares with Henry A. Kissinger,[11] that in opposition to the principle of the general welfare as affirmed in the 1648 Treaty of Westphalia. Inevitably, the defense of the principle of the general welfare was usually centered on the rights of the laborer and his or her family. When forces behind governments tended toward repressive practices against that relevant section of the population, the conditions for the role of labor and related social-political movements existed as a needed part of the instruments for defense of the universal natural-law principle of the general welfare on which all civilized forms of modern life depend.

To a certain degree, the resistance against the 1964-1972 U.S. Indo-China war drew more upon the sons and daughters of former socialists than on any nominally Marxist political party organization. This was lawful. Unfortunately, by the early 1960s, the Congress for Cultural Freedom had done its evil work on the minds of the Baby-Boomer generation, in the U.S.A. as in western Europe and beyond. Despite the degeneracy of the former left-wing groups during that time, the resistance against a foolish war illustrated a principle. History will tend to seize processes available to it, to deal with a threat to a decent order of things, and it has often selected movements more because they are available, than because they are actually qualified for service to the mission into which they are drawn.

It was because of the sometimes important part which those movements played in late Nineteenth- and Twentieth-Century history in various parts of the world, that it was necessary for governments and others to recognize the sometimes important part these movements contributed, without oneself being drawn into the regrettable accumulation of anti-scientific ideological baggage which the sundry parts of those movements carried with them. In the end, the useful, sometimes heroic mission those movements had performed, passed, and only the decaying ideological baggage remained. Their tired bodies sagged along the line of march, but the eyes of the hoarsely chanting marchers were empty; the spark was gone.

So, Marxism may be dead, on that account today, because there is probably no foreseeable constructive role for it to play in the present world crisis, unless China, perhaps, were inclined to bring it back to serve what China might perceive to be its interests. The crucial failure of Marx's economics, and his method otherwise, is that he was a thorough reductionist in method, for whom, as for Frederick Engels, as for the Thomas Huxley with whom Engels shared much in common, actual human individual creativity did not exist. Today, the dwindling number of unrepentant Marxists taken into account, Marx as an economist has become chiefly a subject of special interest for certain appropriate specialists in a period of history which is now dead and most unlikely to be reborn. Some have argued wrongly, since the 1970s, that I killed it; actually, I simply reported, accurately, on its killing of itself.

The Roots of the Present World Conflict

With those qualifications stipulated, it can be said, that only the conflict between the American System of political-economy and the neo-Venetian, Anglo-Dutch Liberal system, has any major, continuing historical significance, world wide, at this time of world crisis.

One must have knowledge of the other systems than these two adversaries; but, without systematic comprehension of the American System of political-economy, as derived chiefly from the influence of the work of Gottfried Leibniz on the shaping of the thought of leading intellectual circles among the founders of the U.S. Republic, including Benjamin Franklin, Alexander Hamilton, and President Franklin Roosevelt's ancestor Isaac Roosevelt, one lacks the grounding needed to present an efficient account of the systemic ontological distinctions of the American from the British systems of pricing. As long as one clings to acceptance of the ontological implications of the neo-Venetian, Anglo-Dutch Liberal system of monetarism, whether from either an anti-Marxian, or a pro-Marxian standpoint, or who knows what else, one's useful contributions to the crucial issues at hand has much less than zero value for humanity in any part of this planet today.

To understand the functional characteristics of the history and present internal crisis of modern European civilization, with aid of a relatively minimal and yet accurate description of the foundations of the crisis which we must face and master today, it is more or less indispensable to summarize the relevant history and its likely present outcome by overlaying two contrasting ways of viewing that interval of time as a whole. On the one side, it is necessary to describe the broad outlines of the leading developments since the rise of ancient Classical

11. Henry A. Kissinger, May 1982, London Chatham House address.

Greece through to the February 1763 Treaty of Paris and its aftermath. On the other side, we must define clearly the functional characteristics of the intertwined but opposing currents of culture whose interaction underlies, and has determined the chronicled history which appears on the surface of the history textbooks and kindred descriptive references.

This twofold approach should be recognized as an echo of modern mathematical physics' developed understanding of the deeper meaning of the so-called "complex domain" of mathematical physics. There are the effects which appear on the surface, as sense-perceptions; but, there are also the deeper underlying, experimentally knowable forces. such as universal physical principles, which are not directly seen on the surface of perceived events, but which underlie, and determine what is actually occurring, to produce what we might witness on the surface of the chronicled unfolding of events.

So, first, to the relevant chronicle.

I now sum up, briefly, the presently most essential aspects of historical matters which I have addressed at significant length in earlier publications. I proceed on that account as follows.

Within an interval concentrated approximately 1000-1400 A.D., from the death of the German Emperor Otto II through to a time as late as the 1485 defeat and death of England's Richard III, Europe was dominated by the flow and ebb of a feudal form of imperial rule known as the *ultramontane* system, a Europe dominated by an alliance of Venice's financier-oligarchy with the Norman chivalry. That system fell into a great breakdown crisis known as the mid-Fourteenth-Century "New Dark Age," or "Little Dark Age," but with some relics of the medieval system lingering into the last quarter of the Fifteenth Century, as in Norman England under Richard III, and the monsters of the Spanish Inquisition under Torquemada.

This period, known as the post-Charlemagne, medieval period of Mediterranean and European history, was otherwise known as the period of the Crusades, from the Albigensian Crusade through the Inquisition's 1492 expulsion of the Jews from Spain. Thus, the beginning and ending of this interval are not neatly defined in simplistic, merely chronological terms, but are nonetheless clearly defined in functional terms. It will be helpful, in attempting to see the origins of modern European civilization, to view European history since the Pythagoreans, Thales, and Solon of Athens, with reference to the self-inflicted decline of Greece with the Peloponnesian War, but the persistence, nonetheless, of the Greek language and culture under the so-called Hellenistic system during a time preceding the Punic wars and rise of what became the Roman empire.

The rise of what became the two Roman Empires, of Rome and Constantinople, successively, turns into a decline with the emergence of the power of the ultramontane alliance of the Venetian financier-oligarchy and Norman chivalry as the foe of the legacy of Charlemagne and the German Emperors through the accession of Otto III. Centuries later, the medieval Venetian system itself is set back by its self-inflicted plunge of Europe into the Fourteenth-Century New Dark Age, but with the resurgence of the Classical Greek legacy of Plato, during the Fifteenth-Century Florence-centered Golden Renaissance. It was that Renaissance which gave birth to the modern sovereign nation-state, and thus gave us the original birth of systems of political-economy which have been, more and more, the pivotal center of world culture and world politics since that time.

Paolo Sarpi (1552-1623), the influence of whose "Venetian Party" still dominates the world today, expressed as Anglo-Dutch Liberalism.

The importance of viewing the pre-Sixteenth-Century history of Europe in those terms, is that *this view is necessary in order to establish a clear idea of the functional characteristics of the internal conflict of modern European civilization since the Fall of Constantinople, and since the subsequent resurgence of power of Venice's financier oligarchy, and the new costuming of that Venetian oligarchical power in the form of what became known, through the impact of the influence of Paolo Sarpi, as the Eighteenth-Century "Venetian Party,"* a Venetian Party which dominates the world today in its expression as the financier-centered power of Anglo-Dutch Liberalism. This view is the indispensable premise for understanding the characteristic features of the internal history of chronicled modern European civilization since the Fifteenth-Century Renaissance, up through the present threat of a nominally Cheney/Blair-led plunge of global civilization into a new dark age akin to that of Europe's mid-Fourteenth Century.

Underneath, and behind the curtains of such chronicles, there is a dynamic unfolding of conflicting forces in development. What we encounter as operating from behind the curtains of the chronicled stage, is the determining role of the

interplay of those forces, which, on the one side—my side, and, hopefully, yours, too—fight for mankind's progress, and, oppose the retrogressions currently demanded by Anglo-Dutch Liberalism's financier-centered power.

The problem this presents, is the following. If we recognize that problem, we are enabled thus to understand why we must approach the challenge of modern world history in the way I do here.

We have no evidence which would permit us to claim that the existence of the human species, as functionally distinct in essential characteristics from such lower forms of life as the higher apes, did not exist on this planet as long ago as two millions years, or, perhaps, more. I have indicated some part of this problem of investigations in my treatment of the implications of the way in which the work of V.I. Vernadsky compels us to define the Noösphere. Yet, our systematic knowledge of many of the crucial internal features of a functional form of a continuity within human history, does not extend efficiently further back than about six or seven thousand years.

For times more distant than about 19,000 years ago, we are confronted by the conditions under periods of hundreds of thousands of years of massive glaciation in the Northern Hemisphere. Thus, generalizations about the nature of the human species, and the societies it forms, must be confined to experimental evidence which, by its nature, can be treated as showing us the universal characteristics of the human species as far back as human existence might extend.

For reasons toward which I have pointed in earlier publications, the best evidence we have is that pinpointed as the connection between the development of the kind of science associated with the Pythagoreans and Plato, and the origins of that scientific method traced, by conclusive experimental evidence, to the internal development of the culture of Egypt from a time long before the construction of the famous Great Pyramids.

We have important other corroboration of that view of a universal principle distinguishing the human species from animal life otherwise, such as that toward which India's Bal Gangadhar Tilak pointed in locations including his ***Orion*** and ***Arctic Home In The Vedas.*** However, the case as variously set forth and otherwise implied by such sources as Tilak's and related work, can be adequately adduced with the precision required for defining a universal principle from the interface between the indicated facets of ancient Egyptian and Classical Greek culture.[12] What we require for understanding modern history, and the nature of mankind as the unique species Vernadsky shows him to be, is a reassessment of the history of modern European civilization from the standpoint of the underlying, absolutely distinguishing ontological characteristics of the human species and its individual member.

When we attempt to define what may be justly called universal laws of human culture, we are obliged to limit ourselves to the same kind of approach taken in defining the internal history of physical science. We proceed as we are able to trace the provable knowledge of the discovery of universal principles from modern European times to the Egypt-based development of the physical science of Thales, the Pythagoreans, and Plato, and as the progress of modern physical science can be traced back to that interface between the Egyptian science of *Sphaerics* and the work of Thales, the Pythagoreans, and Plato.

Rather than tracing imputed ideas deductively, we must be able, as in the experimental physical science of Nicholas of Cusa's ***De Docta Ignorantia,*** to provoke the experimentally provable re-experiencing of the relevant sequence of experimentally based discoveries of universal physical principles, just as Johannes Kepler, an avowed follower of Cusa, and of Plato earlier, made that original discovery of a modern science of astronomy upon which the entirety of the successful aspects of the development of modern European physical science continue to depend to the present day. It is the experimental demonstration of that process of discovery by the verifiably reconstructible action of a relevant series of necessary steps of discovery of universal principle, as by Fermat, Leibniz, Gauss, Dirichlet, and Riemann, after Kepler, that the existence of a coherently functioning body of modern science is demonstrably known to those succeeding generations which relive the experience of that process of discovery.[13]

It is to the degree that we can trace such a process of knowledge backwards, through actual societies, to a bench-

12. The essentially, scientifically worthless claim is often repeated, that since Plato's work does not provide a systematic view of the needed kind which is argued by some as being associated with the texts of Aristotle, that we must rely upon Aristotle for an understanding of Plato's method. In fact, the reductionist method which pervades and underlies the principal features of the writings attributed to Aristotle are so wildly inconsistent with the experimentally provable method of Plato, that we must rely upon the evidence from what are the internally coherent, characteristic features of Plato's known work with a delicious disregard for those systemically anti-scientific features of Aristotelean works which may be identified, typically, by study of the implications of the outright, anti-scientific hoax perpetrated by the Roman neo-sophist Claudius Ptolemy.

13. The typical hoax created in the interest of the Cartesian ideology, as by Carl Gauss's targets D'Alembert, Euler, and Lagrange, is typified, in its relatively simplest guise, as the fraudulent, as well as merely incompetent argument that, since we can define an ellipse in Cartesian terms, there is no physical principle, such as Kepler's gravitation, to account for the elliptical orbit of Mars. It is the motion of the planet along the elliptical orbit which shows that the Cartesian conception of the elliptical orbit is either a simply stupid belief of a science-illiterate, or a fraudulent one. It is the existence of the ontologically infinitesimal principle of action which defines the principle of gravitation, contrary to the Eighteenth- and Nineteenth-Century reductionist hoaxsters such as Cauchy, Clausius, Kelvin, Helmholtz, et al., and hoaxsters such as university professors who teach the same hoax used by Euler, Lagrange, et al., still today. The same hoax was perpetrated by the Roman neo-sophist Claudius Ptolemy, as what has been exposed as a willfully fraudulent concoction in defense of Aristotle's precedent for the doctrine of modern followers such as the Cartesians. It was the original reductionist's hoax by Aristotle, which Kepler emphasized in his work on the elliptical orbit.

mark in earlier history, that that history can be described as known to us in the way we may speak of knowledge of universal principles which underlie experience in a universal way.

To define the factors which must be taken into account in dealing with the conflict which presently grips humanity's fate during the generations immediately ahead, let us turn, now, to address, summarily, that ontological issue as such.

The Ontological Issue

Let us begin this part of the discussion with the following cautionary note, born of experience, on the subject of the sheer fakery which we must be prepared to cut through, to bring the discussion of these important matters into focus. Much that is said by those passing themselves off as experts in economics today, is sheer babble, concocted for the purpose of either changing the subject, or throwing up a smokescreen of fluff which is chiefly intended to conceal the ignorance, or, sometimes, the culpability of the speaker about the matter being discussed.

Typical of such babble as that, are the usual programs of oral classroom and textbook indoctrination in political-economy in today's universities and other relevant institutions, for programmed-learning instruction in currently modish forms of Laputan patter. In such precincts, the portrait of economics and its component transactions, is the childishly mechanistic view aptly termed "Cartesian." The mathematical economics, and "information theory" of "ivory tower" magicians, as typified by Bertrand Russell's Norbert Wiener and John von Neumann, are the models for the smokescreen of sheer babbling about what is represented as "economics" among today's younger generations of followers of such currently surviving veterans of the Delphic profession as Professor Milton Friedman, Ayn Rand cultist Alan Greenspan, and the Siena Group's Robert Mundell.

As long as serious economists continue to waste their time and energy debating the weird incantations of such priestly Babylonian mystics as those senior babblers and their younger generations of heavily duped followers, the discussion of facts in the nominal form of data and what-not, resolves less than nothing, and is probably designed to produce exactly such an effect.

The folly which serious economists themselves often exhibit in reacting to fakers such as Friedman, Greenspan, and Mundell on the already fantastic presumption that these latter were competent professionals, is that, for the fakers, the real issue of the debate for those creatures, does not lie within the individual facts of the statistics variously reported or simply concocted for the occasion of the debate. The issue, for them, is what they attempt to present as the magical, other-worldly powers who, they insist, connect the facts they list. Thus, those Delphic fakers argue, that since we must accept the assertion that those phenomena presented as "facts," came into existence only as the fruit of the magical powers which these oracles insist must rule the universe, these hoaxsters insist that the mere existence of the apparent consistency of the facts as such, whether real or merely alleged facts, proves the existence of those powers. In short, they acknowledge only what they have experienced, or what they only imagine that they might have experienced, "hypothetically." What they have thus experienced, or not, they interpret as they choose, a choice of "that's my opinion," for which actual proof of principle is neither provided, nor desired. Statistics, as a substitute for principle, will be sufficient for their hollow satisfaction.

As Jonathan Swift would have rightly pointed out, the Sophist's phenomenology of Friedman, Mundell, et al., was exactly the point of his ridicule in presenting his audiences then with the fable about the credulity of the Laputan dry-cracker-swallowers. The object of science must be to get the debate out of the clutches of today's popular, superstitious beliefs in the controlling, magical powers allegedly being wielded by those actually non-existing, therefore conveniently invisible creatures, such as Alan Greenspan's super-secret collection of Ayn Rand's, or perhaps Bernard Mandeville's agents: doubtlessly, creatures with luminous red eyes, green horns, and all of them, like Mandeville's private vices, or like pickpocket Adam Smith's "invisible hand," represent a nest of tangled worms, lurking, sniffing, snarling, and, above all else, stinking, under the floorboards of reality.

The issue is phenomenology. The issue is the matter of the actual, or merely apparent equivalence of a human sense-perception to some unsensed cause. The distinction is between footprints and feet, between the impression of a passing cause of the footprint, and the footprint itself. Are footprints real? Of course they are real experiences, but they are not the actual feet of the person who has long since passed the place where the footprint lies. The naive materialist insists that sense-perceptions are the only reality. Physical science shows that that belief is absurd. The true materialist, fickle fool that he is, likes the girl for her footprint, not herself, likes the passing sensation of the sexual encounter, not the person of his mate. Yet, mere belief put to one side, phenomena, at their best, are shadows of the impact of unseen principles upon our mental-sensory apparatus: no more, and often less.

European civilization, in particular, has known, since ancient Egypt's applied science known to the Classical Greeks as *Sphaerics,* that there exist what modern English usage terms physical *powers* of the type demonstrated, in most elementary ways, by the feasibility of constructing, geometrically, the doubling of the square or cube.[14] These powers were named, categorically, *dynamis* in Classical Greek. This notion appeared in modern European science as Leibniz's use of the conception of *dynamics,* which he introduced as a needed elimination of the fundamental incompetence of an attempted

14. The more elementary point, is that, just so, lines are distinguished by powers from points, as surfaces from lines, and solids from surfaces. So gravitation is distinguished from a mere orbital pathway.

physical science based on Descartes' (and, Newton's) mere *mechanics.* Similarly, as I have already noted earlier here, Leibniz used the German term *Kraft* (Power) to denote the principle of dynamics in an applied science of physical economy, as distinct from the avoidance of that principle in the common German usage of the term *Leistung.* All competent modern physical science is premised upon this notion of *dynamics,* a notion which takes its origin from the practice of astronomy (actually *astrophysics*) which ancient Greeks such as Thales, the Pythagoreans, and Plato adopted from the ancient Egyptian science of *Sphaerics.*

The notion of universal physical principles as the unseen, but efficient cause of the experienced sense-effect, is derived from ancient astrophysics, rather than the relatively passive practice of mere astronomy. It is from an *astrophysical mental attitude* toward the phenomena of the observed universe, as in the Sphaerics which the Greeks adopted from the Egyptians, that we have obtained the notion of an *actively* existing *universality,* rather than running-down of Isaac Newton's dumb clock. It is those principles we adduce, experimentally, from study of the astrophysical universe, which supply us a proper physical *(dynamic)* meaning for use of the term *universal* as a designator of universal physical principles.

The empiricist substitutes a Delphic *explanation* for a *principle.*

For example, the Aristotelean rejected that notion of universal physical principles which was characteristic of the thinking of Thales, Heraclitus, the Pythagoreans, and Plato. That Aristotelean substituted the arbitrary assumption that the observed universe was fixed in such a way that we could only explain what we observe, [15] rather than attempt to adduce a willful principle of change as underlying observed phenomena of a relatively universal character, as Johannes Kepler succeeded in doing. Kepler's extensive attacks on Aristotle's reductionist method, respecting the issues underlying Kepler's own original founding of modern astrophysics and of physical science since Fermat and Leibniz, are typical of my argument here.

Kepler discovered an anomaly embedded universally in the measured normalization of the observed elliptical orbit of Mars. That normalization was itself a crucial part of the method by which the discovery of gravitation was made. Looking backward in history, from the standpoint of Riemann, and a Riemannian reflection in the work of V.I. Vernadsky, to the origins of modern European physical science in what the ancient Greek scientists took from the more ancient Egyptians, we have a very clear view of the general principles for understanding the usefulness, and also the inherent follies of faith in sense-perception by us today.

Henceforth, the rule for all future practice of a science of economics must be: *We impute no meaning to any concatenation of phenomena, unless we have demonstrated the validity of some universal physical principle of what Leibniz defined as dynamics. This must be chosen as that which can be demonstrated, experimentally, to be the efficient correlative underlying the array of phenomena we profess to correlate.*

A principle appears, normally, in the rigorous mathematical-physical treatment of evidence, in the shadow-form of what is termed a *singularity,* as an *infinitesimal* point, a physically efficient quality of break in a previously assumed continuity. That discontinuity represents, typically, the difference between a point and a line, the difference between a line and a surface, and the difference between a surface and a solid. It corresponds, functionally, to what Riemann presents, following the precedents of Gauss, as the hypergeometric generalization of Abelian functions: to an active domain of Riemann surfaces.

The point which corresponds ontologically to such a discontinuity, represents, therefore, a *power* in the Classical Greek sense of *dynamis,* and in Leibniz's definition of a catenary-cued domain of *a universal principle of physical least action.* All of this set of ideas of physical science, is distinct from ivory-tower, radically reductionist mathematics. This was the crucial point of Carl Gauss's 1799 attack on the folly of D'Alembert, Euler, Lagrange, et al.; it is the crucial point, respecting the ontological nature of the complex domain, on which all competent Nineteenth-Century and later mathematical-physical science was premised.

Now, therefore, focus on the following set of facts, which, taken together, have crucially decisive bearing on the issue posed by phenomenology. These are the person, and the distinction and connections among what V.I. Vernadsky defines as the abiotic phase-space domain, the Biosphere, and the Noösphere. All of these are as I have described the relevant situation in "Vernadsky and Dirichlet's Principle."

Any experimentally validated universal physical principle, corresponds to a set of individual existences which that principle orders. That principle is "not a member of the set" of those phenomena, or those subordinate universal physical principles, which it orders. Universal science as known today, has, therefore, four principal elements, in the following ascending order. At the lowest extreme, we have what is rigorously defined as a physical phase-space, known by such names as *the abiotic domain.* Immediately above that abiotic domain, and efficiently subsuming it, we have what V.I. Vernadsky defined as a clearly dynamic domain, *the Biosphere.* On the immediately higher level, subsuming the Biosphere, we have *the Noösphere,* as I have presented a summation of Vernadsky's definition in earlier locations. Above that, in turn, we have the category of man, which subsumes the Noösphere, by virtue of the human individual's creative powers. These powers express a quality of efficient cognitive sov-

15. As Philo of Alexandria pointed out, Aristotle had insisted that God made himself virtually dead by creating "a perfect universe"; God could no longer "interfere" in that universe, lest his attempts to do so would show that "the original creation" had not been perfected. Hence, Nietzsche's "God is dead!" Hence, implicitly, God's retort: "Nietzsche is dead!"

ereignty, *powers* superior to all other living processes, a *power* which reflects *the superior agency of the willful personality of the Creator.*

("Yes, Mabel, considering what you have been up to lately, you should, definitely, tremble: at the least, a little bit.")

Each of these four domains, so ordered, is subsumed by what corresponds to a universal physical principle of the type which sets off what experimental method defines as a phase-space. For example, all processes which behave in ways which conform to the notion of a non-living process, constitute a phase-space. This phase-space is defined by a general experimental principle, which is not part of the phase-space, but which subsumes it functionally. The same is true for living processes as an experimental category. So, similarly, for human society; so, for the individual person; so, it is completed, with reaching the Creator.

None of these principles defining (i.e., subsuming) a phase-space, is a member of the "set" of the existences defined by that phase-space. The following examples, which I have stated in sundry other locations, and elsewhere here, are of crucial importance for the subject of this present report.

Take the case of living processes. "Life" is not a member of this collection of living creatures; it is the universal principle which subsumes, and thus distinguishes each member of the collection.

For example, as Vernadsky emphasizes in the 1935 location which I treated, somewhat extensively, in my "Vernadsky and Dirichlet's Principle," living processes appear as a flow of selection of materials from the environment, which are ingested, chemically processed within the living organism, and excreted in a form which is definable as experimentally unique, to yield what we recognize as the non-living fossil matter of the Biosphere. Similarly, the human individual's cognitive processes treat their environment, selectively in a comparable way, yielding the fossil accumulations of the Noösphere. It is the presence of life, or cognition, which generates these types of fossils, and yet neither life, nor cognition exists in experimental physical science apart from the relevant quality of living, or living and cognitive beings. So, our planet Earth, which is not a mere fixed object, but exists only as an ongoing process of development, is developed in forms determined by the life and cognition which inhabit it, producing an effect which becomes the new environment on which the continuation of that process depends. Such is the appropriate, elementary typification of the distinction of a dynamic process from a merely mechanical process.

In that setting, life and cognition are efficient principles of action which are not contained within the dynamic processes they shape, but are nonetheless dependent for their continued efficient action upon that environment of which they are not a physical-chemical part.

This configuration, so described summarily, is made clearer when we focus on the one experimental subject-matter which is accessible to the power of individual creative reason: creative reason itself. I shall treat that subject within the following chapter of this report, under the sub-topical heading of "Insight or Creativity"; but, this much may be said appropriately at this juncture.

The act of creative reason, is typified by the individual mind's original discovery of an hypothesis which is susceptible of a relevant, unique form of crucial experiment, as Riemann defines a unique experiment in his 1854 habilitation dissertation. Although this act of the individual mind is a perfectly sovereign act of that individual mind, that action can be validated by the combination represented by the replication of the experience of original discovery within the sovereign confines of other individual minds, and the sharing of experimental validation of the discovered principle.

Therefore, individuals who have developed such creative powers, despite the tendency of present, reductionist forms of culture to prevent this quality of individual mental activity, are able to provoke the sharing of such unique experiences, and to share the experimental proofs of principle toward which their hypotheses impel their experimental efforts. This interaction among persons, and the effects subsumed by that interaction, are the primary expression of human existence as a dynamic process of development of itself, and of all of the processes of the planet and Solar system which it inhabits.

So, at the pinnacle of the hierarchy of the phase-spaces which I have described in this way, the process expressed by the sovereign creative powers of the individual human mind, we approach, without ever overtaking, a point of near perfection, the point at which an individual, sovereign intellect is able to know itself as such, by seeing itself reflected in both the resonant creative powers of other sovereign beings, individual creative persons, and sharing the demonstration of that increased power of mankind in and over the universe, which these discoveries make possible. This knowledge of self looks upward, toward not an abstract Creator as a reductionist's simple object, but a Creator as a willful personality of purely creative power in and over the universe, a Creator with which the creative, if mortal, human individual has a species affinity with the same quality of nature as that Creator Himself.

This configuration which I have just sketched, in that way, is defined, pragmatically, today, by the principle associated with the name of Heraclitus, that nothing exists but the constancy of change: the expression of the essential superiority of the Platonic Johannes Kepler over the relatively (cognitively) brain-dead Aristotelean, Claudius Ptolemy. The universe is defined as subsumed by an ontological principle of universal change, which leads the process of discovery and efficient action, from relatively lower to successively higher powers in and over the universe, beginning at the lowest, the abiotic, and proceeding upward, through living and then cognitive processes, to man's supremacy under the ultimately reigning, cognitive, eternal personality of the Creator. *This latter point which I have made here, is not religion, but scientific fact; at least, that is so for those who have come to an understanding*

of what this whole business is really all about. If that conception concurs with your choice of religious belief, let the scientist within you respond: "So be it."

To restate the crucial aspect of the point just made in the preceding paragraph: *change does not occur as man acting upon a pre-existing process, but as man interacting, dynamically, with a constantly ongoing process, which includes the always active role of man's creative powers themselves.* The will to act, is never a matter of whether or not man will act; man's inaction, when it appears, is always a form of action, just as much as what might be ordinarily classed wrongly, by fallacy of composition, as inaction. For example, entropy, non-action, is also action. "Get out of bed, you lazy bum; you are wasting precious time, and that is costing society more loss than it will tolerate from you! Enron swindlers added nothing good to society, but their wastrel ways cost humanity much suffering, and big losses to the economy as a whole." Reality is, after all, dynamic, never merely mechanical.

That said, now refer to my discussion of V.I. Vernadsky's summation of the case for a dynamic, rather than mechanical principle of biochemistry, in his 1935-1936 piece, as I commented on this in my "Vernadsky and Dirichlet's Principle." As I emphasized there, Vernadsky's 1935 argument identifies the method underlying his later, war-time presentation of the case for the Noösphere. This same principle, when elevated to the level of my positioning of man within the universe, in this present location, defines the context within which actual economies function.

The essential form of action is demonstrated best for classroom purposes, by examining the "history" of the Solar System from the successive vantage-points of the abiotic, the Biosphere, the Noösphere, and the role of the human individual creative powers as such.

The American System Solution

At this point I make a most timely and crucially important general reference to U.S. Treasury Secretary Alexander Hamilton's 1791 Report to the U.S. Congress ***On the Subject of Manufactures.*** My mission in this connection is to point out the implicit roots of a system of "fair trade" pricing, which was, and is presently contrary in essential principle to "free trade" policies which is implicit in the way in which the motivation and the principal content of the U.S. Declaration of Independence and Federal Constitution were crafted. I shall continue to prepare the way for that now, and summarize the connections in the conclusion of this report.

Now, I shall preface that specific feature of the report, by summarizing the immediate historical context in which the presentation of that policy must be situated.

Unlike the constitutions of many other nations, our Constitution's principally defining features did not come into being as a collection of mere contracts or isolable precepts, but, rather, the details were intended to express, and to assist the realization of the intention of subsuming principles, principles which set our republic apart from, and superior in certain essential ways, to the constitutions which emerged, then or later, as putative rivals to our own, from other parts of the world.

Thus, the most distinguishing features of the two constitutional agreements, the 1776 Declaration of Independence and Federal Constitution, are clear statements of profound principles, principles clearly rooted in expression in the great struggles for freedom which our forebears traced from the intention of Solon of Athens, and as the finer reading of the implications of that intention were hewn into the shape we received them, through the fiery forge of struggles against the tyrannies of empires and other despots over the intervening millennia.

The emergence of the modern European nation-state from the accumulated horrors of the succession of two Roman empires, and the long feudal tyranny under an alliance of Venetian financier oligarchs and brutish Norman chivalry, had brought forth modern Europe in the middle of Europe's Fifteenth Century. Through work expressed by the great ecumenical Council of Florence, and the establishment of the first true nation-states, the commonwealth form of self-government of a people typified by Louis XI's France and Henry VII's England, it must have been seen, with great relief, that the great horrors of the preceding millennia had, for a moment, dropped away, as if in some divinely inspired great metamorphosis of society.

But, then, the nightmare returned, signalled, chiefly by a monster launched from the bowels of the Middle Ages: the expulsion of the Jews from Spain by the Grand Inquisitor Tomás de Torquemada. From that moment on, from the 1492 order for the persecution of the Jews, until the 1648 Treaty of Westphalia, the new modern Europe of great promise was almost drowned to extinction in its own blood, in religious wars in which man fought man, not as men, but as beasts to man. Amid this continuing nightmare, there was a rising movement within troubled Europe of those times, an impulse to establish, in the Americas, republics which would serve as a launching-point and model for the salvation of bloodied Europe itself.

With the settlements established by the Plymouth Brethren and under the leadership of the Winthrops and Mathers, the seeds of that intention were planted in, and, to a large degree flourished in the New England colony. Yet, during the interval 1688-1763, a new evil from Europe, this time chiefly from the financier oligarchy of the Dutch and British India Companies, assailed the political freedoms and welfare which had been established in the American colonies. Through the triumphant British East India Company's acquiring the trappings of state imperial power through the outcome of a Seven Years War, a war which that financier oligarchy had orchestrated on the continent of Europe, the freedoms and other achievements which had been won by the American colonies were now put in grave and increasing jeopardy, by the increasingly aggressive, rapacious tyranny of the new imperial power

centered in London.

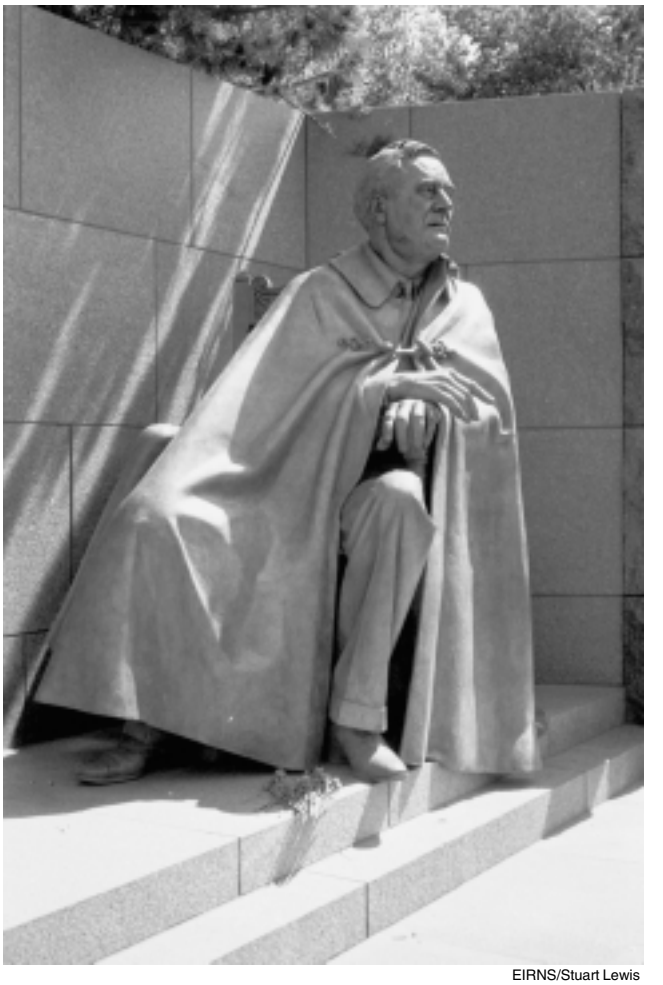
In this circumstance, from 1763 onward, our predecessors were obliged to organized their resistance here, to seek allies for the common cause of a system of commonwealths in Europe and the Americas, and, finally, for that sake, to place all we had in jeopardy by our July 4, 1776 Declaration of Independence. Fools today babble on the subject of our Declaration of Independence and Federal Constitution, as if these wonderful compacts were such cheap articles of greedy commerce, as mere common-law contracts. Such foolish people represent, today, a farcical attempt at government by a band of greedy opportunists who lack the most essential attribute of durable government, majesty. We are presently in great danger of destruction, chiefly self-destruction wrought by our lusty greed, our pettiness, our utter lack of majesty.

When we had thus, at great risk, won our freedom, and adopted our new Federal Constitution, we had also won a great battle for all mankind; but, we were, once again, immediately denied the fruit of that great victory for not only ourselves, but for all mankind, by what became known as that French Revolution, which was organized by our enemies in Lord Shelburne's London, a revolution with its treachery, its Terror, and its Bonaparte. Little more than a quarter-century after the adoption of our Federal Constitution, the combined nations of Europe, including many which had been recently our dear friends and allies, were divided between two monstrous alliances which ruled over them, the British monarchy, and its rival under the unspeakable Prince Metternich, the so-called Holy Alliance.

Not until we defeated both the Civil War and that rape of Mexico, both of which had been organized by London's Lord Palmerston, and in the footsteps of President Abraham Lincoln and that great tradition of our republic's founding which he so ably represented, did we emerge, as the great power we have been ever since. We were one nation, as according to John Quincy Adams' design, from ocean to ocean, and from our northern to southern continental borders. This was the nation which became, under the leadership of President Franklin Roosevelt, in the course of the defeat of Adolf Hitler's tyranny, the greatest economic power the world had ever seen or imagined until that time.

But then, with the death of Franklin Roosevelt, we began to ruin it all again.

We were not an empire; it is not in our nature to sustain the attempt to become one; but, nonetheless, we are not just another republic. We are something very special. We had emerged as the first modern constitutional republic of the world. While Franklin Roosevelt still lived, and even for some troubled years later, the U.S.A. was the beacon of freedom for the immediate liberation of the world from colonial rule and similar oppression, for the building up of a system of sovereign nation-states which would rule the world in a concert of free peoples rising toward the prosperity we had achieved, and that by our assistance and our dedication.



EIRNS/Stuart Lewis

Under President Franklin D. Roosevelt's leadership, the United States became the greatest economic power the world had ever seen or imagined until that time. "But then, with the death of Franklin Roosevelt, we began to ruin it all again."

That intention was not just a new idea which came with President Franklin Roosevelt. It was already there with President Abraham Lincoln, and with the circles of Benjamin Franklin, and the Winthrops and Mathers of Massachusetts earlier. Our resolution, as Cotton Mather said it, and Benjamin Franklin, too: Our purpose in our existence as a people, was to do good for mankind. We have done much good in our time, and that often much better than other nations on this account.

These things I have just said are each and all true. No honest man or woman, unless he were ignorant of the essentials of our history, could deny this. Unfortunately, many of us have lost sight of our heritage, and of that dedication to the well-being of all mankind, to the common good, to hope of the future of mankind, and for the justification of those who have lingered long in the oppressions which we have failed to defeat until now.

We were not only a republic designed to do good. We

knew our enemy. The enemy was, and remains today, that far-flung financier oligarchy whose predecessors had ruled and raped Europe, and unleashed the great wave of African slavery from Europe over a period from the rise of the Spanish Habsburgs through to the belated reunification of the slave trade by the monarchy of Spain, late during the Nineteenth Century. These and other evils, spawned during centuries preceding the great ecumenical Council of Florence, and resurgent evils which came to represent a renewed tyranny in such forms as the vast and prolonged religious warfare, 1491-1648. These forces of evil have subjected this planet to a more or less global warfare, which was repeatedly unleashed by the financier oligarchy up to the present moment we stand or sit, in global jeopardy, because of that familiar old tyrant, our financier oligarchical enemy, today.

The time has come now, when the great reckoning all this implies, can be no longer postponed. There can be no peace on this planet, until the increasingly tumultuous uproar among the peoples of this planet, is quelled by the delivery of that long-postponed justice which our republic was created to inspire on behalf of the peoples of the world.

Therefore, when we consider instruments such as our Declaration of Independence and Federal Constitution, or the work of our first Treasury Secretary, Alexander Hamilton, on the subject of the implementation of the economic policies embodied in our coming into existence, we must absorb the full sense of the millennia of history which came together in the great decision around which the formation of our Federal Republic occurred.

This leaves no room, for cheap, petty, and essentially larcenous opinion, on the subject of economics, which I have justly ridiculed here.

The crucial issue, which has so often separated our republic from the nations of Europe, is the fact of our Federal Constitution, that the highest authority over currency, banking, and credit in the U.S. States of America, is the constitutional authority of our republic. Unlike the common practice of a modern Europe which has become largely habituated to that yoke of slavery known as so-called "independent central banking systems," we are, when we enforce our Constitution, sovereign in all matters in our land. Other nations, in this or that part of their creeds, their constitutions, and otherwise, have affirmed the desire to promote the common good, the general welfare of mankind. Our Constitution, with our Declaration of Independence's affirmation of the anti-Locke principle, which Leibniz had named *the pursuit of happiness,* and our subordination of the body of our Federal Constitution to the same principle, expressed as a principle of submission of all our law and government to *promote the general welfare,* is the only efficient instrument by which the principle of the general welfare is made supreme over all that party and interest which might subvert it.

That point of distinction is crucial for understanding the deep roots of our constitutional, patriotic passions. We make no grasping demands on Europe, on this account; we prefer to insist that they adopt the same rights in this matter which we, when we are thinking as patriots, demand for ourselves.

The Crux of the Policy

What Treasury Secretary Hamilton wrote, ***On the Subject of Manufactures,*** was not, and is not, either the promotion, or the toleration of policies of so-called "free trade." "Free trade" was the policy of our chief external enemy, the British East India Company and its agents among us. "Free trade" and slavery, which were imposed upon us from abroad by, chiefly the drug-trafficking British monarchy and its agents of the Nineteenth-Century slave-trading Spanish monarchy, were the means by which we were nearly destroyed by a great Civil War and related means. It was the defeat of the "free trade" policy, under the leadership of President Lincoln, and the guidance of the world's greatest economist of that time, Henry C. Carey, that we became ourselves once again, with the defeat of Palmerston's puppet, the Confederacy, and of Palmerston's puppet, France's Napoleon III and his Habsburg creature Maximilian.

As we should recognize today, the death of the Confederacy, and the defeat of Palmerston's other puppets, Napoleon III and Maximilian, and of Britain's slave-trading asset, the Spanish monarchy, had two leading consequences over the following generation. First of all, once we were freed of the two greatest evils which, among other things, were destroying our economic potential, free trade and slavery, we became recognized, by the time of our 1876 Centennial celebration, as the world's leading "model" of modern economy. Under the direct influence of Henry C. Carey, the American System inspired Bismarck's Germany, Japan, a France freed from the curse of Palmerston's puppet Napoleon III, Czar Alexander II's Russia, and many others, including states of the Americas, to adopt the American System of political-economy as a model of reference.

The British monarchy under dotty Queen Victoria was panicked by these developments. The spread of the "American model" on the continent of Asia, into Japan, and among the states of the Americas, was recognized by the British monarchy led by the Prince of Wales, as the great strategic, long-term threat to the London financial center's rule over the world through its "free trade"-based, imperial system of monetary-financial power. The British Empire led by Edward VII took a leaf from the advantages the Anglo-Dutch Liberal imperialists had gained by their earlier organizing of the Seven Years War and the Napoleonic Wars, to launch what became known as the First World War, and, then, create the conditions under which Adolf Hitler launched a Second. Edward VII did not live to see the First World War, but he organized it, chiefly by putting his two foolish nephews, the German Kaiser and Russian Czar, and also a wretched Habsburg, against one another's throats. Europe has never fully recovered from the combination of those wars of the Twentieth Century and the threat of a third, to the present day.[16]

After the role of President Franklin Roosevelt, the London-centered financier interest recognized the Roosevelt legacy as the enemy to be destroyed. Once the Soviet system collapsed, chiefly of the folly of its Communist Party leadership, Prime Minister Margaret Thatcher's London and its French President Mitterrand acted, to lead in the process of destroying the long-range economic potential of the combined regions of continental Europe. The combination of the campaign to rip the American tradition out of, chiefly, the U.S.A. and Europe, through the subversive role of the Congress for Cultural Freedom, and the wrecking of the economic potential of continental Europe which had erupted in 1989, has brought the world to the breaking-point, to a present condition which now successfully threatens the continuation of civilization itself throughout this planet.

The onrushing existential form of combined economic, monetary-financial, and cultural crisis which now threatens both the U.S.A. and the world at large, presents us today with what is fairly described as our "last chance" to prevent a slide of the planet as a whole into a generations-long "new dark age," which would be comparable to, but probably worse in effects than what Venetian "free trade" policies, which were akin to our own today, brought as a plunge into a horrid, pro-genocidal New Dark Age upon mid-Fourteenth-Century medieval Europe.

Today, because the same legacy which rescued us under the leadership of President Franklin Roosevelt exists still, embedded in our constitutional institutions and history otherwise, we are the one nation on this planet which could, if it wished, once again lead the world to a long period of relative economic recovery and safety. The single most obvious of the factors which now thrust that responsibility of leadership upon us, is that we are the power which represents the embedded nature of a republic which, by history and composition and history of our constitution, is the leading agency to free the world from the cancerous grip which so-called "independent central banking systems" exert over the governments of Europe, and through the institutions of international monetary agencies which have become the instruments of the same essential policy which led the world into the two World Wars

16. France, the partner of the evil Edward VII in the formation of the *Entente Cordiale,* was not an innocent in this matter. The death of President Carnot, the hoax against Dreyfuss, and the fall from power of Hanotaux, unleashed the worst of France's combined Legitimist, Bonapartist, and Jacobin traditions as Edward VII's indispensable accomplice, just as the same France-centered Synarchist forces created the fascist movements of 1922-1945 continental Europe, and into the post-war period beyond—up to the present day. But, it was the folly of what the "Three-Kaiser Bund," the Emperors of post-Bismarck Germany, Russia, and Austro-Hungary had become, which made possible the continental carnage of two World Wars of the just recently concluded century.

EIRNS/Stuart Lewis

Alexander Hamilton's "Report on the Subject of Manufactures" provides an image of the emergence of the U.S.A. as a great continental republic, "arising from the untamed fields and forests of the continent, to build the infrastructure of its rise to a great agricultural and industrial power."

and economic depression of the last century.

It is from that historical vantage-point provided by the experience of those centuries, that patriots of the U.S. today must study and understand Treasury Secretary Alexander Hamilton's report to the U.S. Congress ***On the Subject of Manufactures.*** We have the chance now to save both our republic and civilization from a Hell worse than anything our citizens are likely to recall, if we recognize now who and what we as a nation are, and what our proper role and policy must be.

Hamilton's referenced report can be most usefully described for today, as an image of the emergence of the U.S.A. as a great continental republic, arising from the untamed fields and forests of the continent, to build the infrastructure of its rise to a great agricultural and industrial power.

The image which Secretary Hamilton presents in that location, in particular, is what must seem to the spectator, at first glance, as a kaleidoscopic, and literally *dynamic* process of transformation of the nation, upwards, in economic power, as by a process of balanced interplay among the development of four great elements of our population's economic activity: basic economic public infrastructure, private agriculture, private manufactures, and the fourth, which Hamilton identifies in the fashion of the times as "artificial labor." The emphasis is placed, on all four counts, on the development of the creative powers of the individual, especially the individual entrepreneur of a closely held enterprise, not the large financial corporate power of today.

That image, is not an image of a former society now outmoded by recent emergence of financial-corporate power. Directly the opposite. For the alert mind of today, Hamilton's image of the principles of economic development, and law, for that time, are more decently modern, far saner, and far more appropriate instruments of our present vital interests, than anything seen in the prevalent long-ranging trends in structural changes during the recent hundred years.

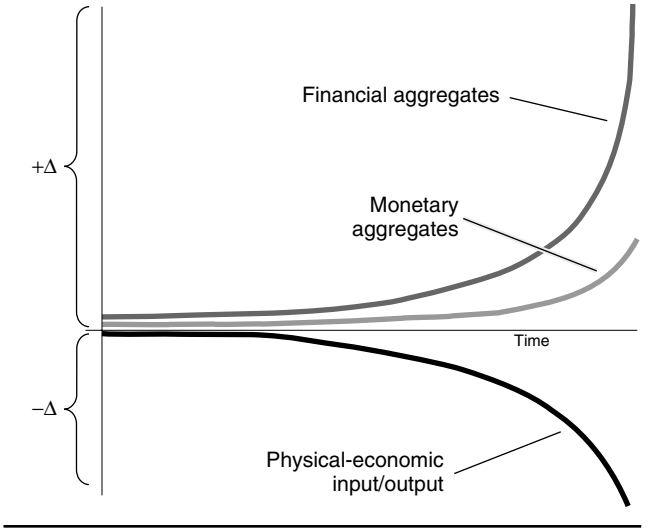
I have steered my associates into relevant kinds of changes in administrative technologies, to replacing the silly and misleading, popular statistical reporting methods of the recent century, by a system of computerized "animations" which show the way in which crucial singularities of change have emerged, county by county, across our national territory, over the course of the recent century. The point of this is that what we must measure, is the performance of trends of policy-shaping behavior, county by county, over successive generations, for our national territory as a whole. It is through such animations that the identity of the culprits in policy-shaping which have ruined us are prompted, to speak, to stand up and dance for us, so that we are better able to recognize what must be encouraged and what must be replaced in our way of thinking about making policy. "What did we do wrong, to get ourselves into this mess we are in?"

It happens that digital computers are, admittedly, on principle, intrinsically unsuited instruments for the kinds of mathematical-physical analysis which the relevant use of such animations implies. However, by the use of appropriately understood tricks taken from the Gauss-Riemann design of hypergeometric functions, we are able to scale and correlate complexes of historical trends in such a way as to expose the singularities which reflect crucial-functional turning-points, in an upward or downward direction. The sheer mass and speed of the calculations possible with even computers of relative modest capacity and speed, now make such new, vastly improved methods of national product and income analysis feasible, despite the flaws otherwise inherent in digital-computing systems.

Read Hamilton's Report as a description of a dynamic process, akin to Vernadsky's description of the Biosphere or my summaries of what he defines as a Noösphere, rather than the usual, silly, Cartesian sort of financial-monetary statistical report. Look at the work of Hamilton then, in the setting of the challenge which faces the U.S.A. and the world, immediately, today.

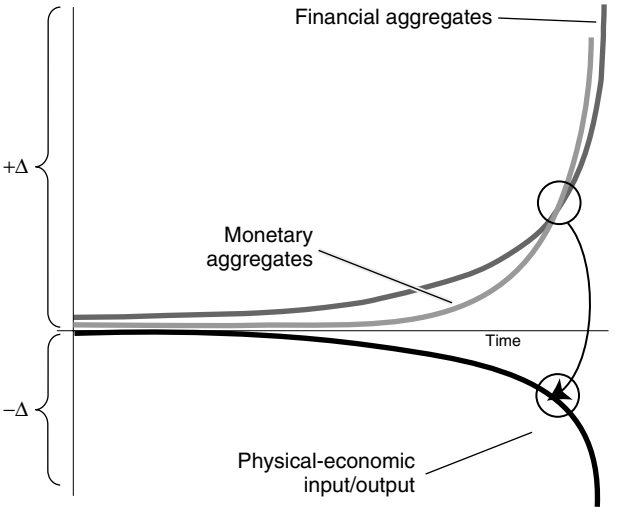
Use the methods of animations which are being employed, increasingly, by ***Executive Intelligence Review***'s services to our citizens generally, and to our national institu-

FIGURE 1
LaRouche's Typical Collapse Function



For really hard-core stock-market fans, prices are looking up!

FIGURE 2
The Collapse Reaches a Critical Point Of Instability



tions. Use these new techniques to examine our economy with a degree of refinement not possible in Hamilton's time. These can be powerful tools of administration, in addition to being exceptionally efficient methods and tools of education; and, they should be used accordingly. The crisis immediately before us all, is the proper occasion to apply these techniques in the area we are addressing here.

The importance of these tools will be made clearer in the conclusion of this report.

Beating the Big Bust

The next Great Depression to follow that of Herbert Hoover's 1929, actually came during the Second Reagan Administration, as the great New York stock-market "crash" of October 1987. That was more than fifteen years ago, under the Federal Reserve Chairmanship of then-outgoing Chairman Paul Volcker. I know. I had repeatedly forecast that crash, as almost inevitable, for early October, since as early as the preceding Spring of that year. I forecast that widely, and with the customary precision and success which I have frequently enjoyed in such matters during approximately the recent half-century. The continuing effects of that crash are to be seen today in the collapse of industries, farms, infrastructure, and the collapsing family-income brackets of the lower eighty percentile of our household incomes. Yet, until recently, at least, our nation's legendary popular opinion has insisted, that "the market is looking up." The same might be said by a drunk, diving gleefully down an elevator shaft; from his perspective, it seems that he, too, is soaring, giddily, upward.

Beginning late 1995, I made, in succession, two graphic forecasts. The one, first issued for a special occasion, in Rome, in late 1995 was widely presented in 1996 under the title of a "Triple Curve," which compared downward physical trends in net output produced with soaring rates of monetary emission, and still more rapid rates of growth of financial aggregates. Late, during 1999-2000, I issued a second version of the "Triple Curve," this time showing the rate of growth of accumulated monetary liabilities as implicitly soaring beyond the reach of the increase of financial aggregates[17]. This latter condition has prevailed, world-wide, since a changeover which occurred somewhere between approximately Spring 2000 and mid-2001 (**Figures 1-2**).

Study the charts. Is it not true, that the curves for finance and monetary aggregate, are soaring upward at an accelerating rate? That is what your insane neighbor is referring to when he asserts, with a gloating look in his eye, "See, the market is going up!" *Icarus, where are you?!*

The special feature of this entire period, from the aftermath of October 1987 to the present day, has been the role, under the regime of Volcker's successor, Federal Reserve Chairman Alan Greenspan, of so-called "financial derivatives"—otherwise known as gamblers' side-bets, such as "hedge funds"—all this, as a source for a hyperinflationary mushrooming of what are only nominal profits as a leveraged margin of illusory gains in financial markets; *this is the greatest bubble of fools' delusion in all modern history!*

Reality is now poised to strike! Soon, and with awesome force! The postponing of the day of reckoning by such hyperinflationary tricks, over the 1987-2005 interval to date, has

17. I.e., the debt created to generate the financial gain, exceeded the volume of the financial gains so prompted. That has been the persistent overall trend, under Federal Reserve Chairman Alan Greenspan and the George W. Bush Administration since then, to the present time.

fostered both potentially fatal structural changes in the world's economy, and a vast, hyperinflationary debt-bubble of relatively far worse potential than Germany's 1923 hyperinflation. The situation now exists, that unless certain deep-going, sudden reforms are made very soon, we shall be gripped, not by a depression, but a general monetary-financial break-down crisis of the world's present economic system. *This explosion would make Germany's famous 1923 hyperinflation seem, from a global standpoint, like a local fire in a hick town, by comparison!* The presently "super-hydrogen-bomb-like" potential of the hyperinflated British and U.S. mortgage-based securities bubble is only the most conspicuously typical threat immediately before the world as a whole.

This threat can be brought under control, and cured. However, unless the needed cure is introduced, soon, the greatest breakdown-crisis in the history of today's globally extended European civilization is threatened for some time during the very near future. Only a small fraction of the present world's population-level would survive such a crisis, were it not to be prevented by the kinds of actions which I continue to propose, still now. Those measures which I outline would work, but only if actually adopted. The practical question is, who has the brains and guts to do what I propose? That is the crux of the issue confronting all governments, especially the present government of the U.S.A.

If that occurs, do not ask "Where can I put my money?" No such place will exist.

The first step toward controlling and overcoming the onrushing crisis is to take a deep breath, and repeat, slowly, calmly, and thoughtfully, "It is only money, after all." The constitutional government of the U.S.A., is the only system of constitutional government in the world today, which has the history, and the constitutional characteristics by aid of which it could lead the rest of the world out of this presently onrushing trap. It is not the U.S.A. which caused this crisis. It is the U.S.A.'s submission to Churchill's infectious, mass-murderous rage: the factor which, once President Roosevelt was dead, led the U.S.A. into submitting the mind-control exerted by the Anglo-Dutch Liberal forces centered around London, but spread among the neo-Venetian financier-oligarchy of the world, which led the U.S.A., like the world at large, into this presently onrushing catastrophe. Recognize the problem. See the face of the actual enemy; recognize his motive and his method; see how this crisis was created; and, then, the solution becomes evident.

On principle, as I shall now outline this case to you, the solution, under our constitutional system of government, is elementary. President Franklin Roosevelt would have understood.

The pivotal feature of the world's presently onrushing monetary-financial crisis, is the overhang of U.S. dollar-denominated debt. That debt-overhang is the crucial factor on which to focus attention if an escape from the onrushing general world monetary-financial collapse is to be achieved.

That said, now look at the crisis itself, the crash we could and must defeat, if we would commit ourselves, even at this late date, to do so.

Now Comes the Credit System

Under present conditions and trends, a sudden collapse of the U.S. Dollar on the world market, which is now an increasingly likely event, would cause a very deep collapse of the value of the U.S. dollars held, or claimed by foreigners, including the national economies of foreign governments. At that point, without specific kinds of interventions, a chain-reaction implosion of world markets and credit would occur. Under present conditions, the overhang of financial derivatives especially, the collapse would be incalculable, but vast. At that juncture, only a sudden, credible intervention to establish an assured long-term value of the U.S. dollar would be a sufficient source of credibility for any other measures which might tend to staunch the flow.

The condition of the real-estate mortgage-based securities bubble in the relevant English-language nations, alone, illustrates the magnitude of this portion of the current speculative bubble's potential as a detonator of a global chain-reaction collapse of the world's present monetary-financial and trade systems.

Amid all other required emergency actions at that point, two monetary measures would be of outstanding importance.

First and foremost, the U.S. Federal Government must utter a solemn commitment to defend a current valuation of the U.S. dollar over a forward period of up to two generations (30-50 years).

1. This action must be backed by related long-term credit for domestic U.S. credit for large-scale, long-term investments in construction of long-term physical-capital improvements in U.S. domestic basic economic infrastructure and industry, more than sufficient to produce a long-term and vigorous expansion, funded by credit at very low interest-rates, of the U.S. physical economy in the categories of basic economic infrastructure, agriculture, manufacturing, and closely related high-technology physical output over a term in excess of a full generation (e.g., more than 25 years).

2. This must be complemented by kindred measures aided by long-term trade and credit-agreements among nations on a more or less global scale. Such agreements must be largely represented by the "bundling" of such agreements under the umbrella of long-term credit agreements based on protectionist measures governing investment and trade.

In addition, the following conditions are broadly required:

3. All such programs and agreements must be premised on "fair trade," rather than "free trade" pricing and related agreements.

4. It must be anticipated that the base-line for such agreements will be defined by long-term capital investments in basic economic infrastructure, covering investment cycles in the range of between one and two generations (25-50 years), at base-line interest-rates of between approximately 1-2% simple-interest rates.

5. It must be anticipated that the ratio of investment and employment in basic economic infrastructure throughout an appropriate version of the original Bretton Woods monetary system will be approximately 50%.

6. To ensure the fungibility of the credit so generated, it must be estimated that high rates of growth in physical productivity, per capita and per square kilometer, will be promoted through intensive emphasis on high rates of scientific-technological progress in capital investment, product design and development, and physical-scientific principles employed as standards for production and also general education.

These and other required measures will be feasible only on the condition that the existing central banking systems which are implicitly bankrupt under conditions of a collapse of existing markets, will be converted from central banking systems of nations into what are in effect national banking systems, as the use of that language is typified by the definitions of U.S. Treasury Secretary Alexander Hamilton and other U.S. exponents of "Hamiltonian" national banking. The nation-states can accomplish this indispensable measure by putting existing central banking systems under protection of sovereign governments, taking this action under the constitutional principle of promotion and defense of the general welfare specific to the modern sovereign nation-state, and adopted within the general law of all civilized forms of modern European and related nation-states. These national banking systems, functioning in tandem with the government, will take such needed actions of reforms in bankruptcy as are needed to maintain essential current economic functions, while adjusting other accounts over whatever period of time may be required to resolve and settle accounts.

The general principle which must guide this process, is that expanded present levels of employment and production of essential goods and services must be maintained and expanded to levels above breakeven levels of national economy, including the meeting of pension and related social welfare obligations. The general rule is: a commitment to expansion in scale and quality of production, essential services, and scientific-technological progress.

The Issue of Humanism

In charting these waters for such emergency measures, we must bear in mind the common evils of both the modern multinational corporation and the scientific incompetence endured in certain socialist schemes. While these kinds of institutions were popularly regarded as direct opposites of one another, they were both represented on the same fundamental error of assumption respecting the nature of the human individual. These two rivals, which often professed themselves to be ideological opposites, were outrageously similar in the evil effects they tended to impose upon the societies they inhabited, or, in the language preferred by some of the critics of each: which they *infested,* much more than they invested.

Contrary to the self-importance claimed by the large-scale bureaucracies of the multinational corporation run by financier interest, and the worst abuses of socialist models with essential kinships to the financier-control multinational, the most efficient forms of private entrepreneurship have been the technologically progressive independent farmer and the relatively closely held "middle-sized" science-technology-drive entrepreneurship.

In significant part, the argument to be made and studied on this point, is aptly illustrated by the work of my associates in tracking the changes in quality within the U.S. economy as a whole, by tracing changes in key social and economic parameters, county by county, across both regions of the nation, and the nation as a whole, over a span of generations, especially the recent forty to fifty years: two generations. Three factors are of outstanding relevance as parameters considered in such studies which animate the relevant changes in the same manner often employed for lapsed-time photographic studies of plant and other growth: a.) Basic Economic Infrastructure; b.) Agriculture; c.) Manufacturing and related.

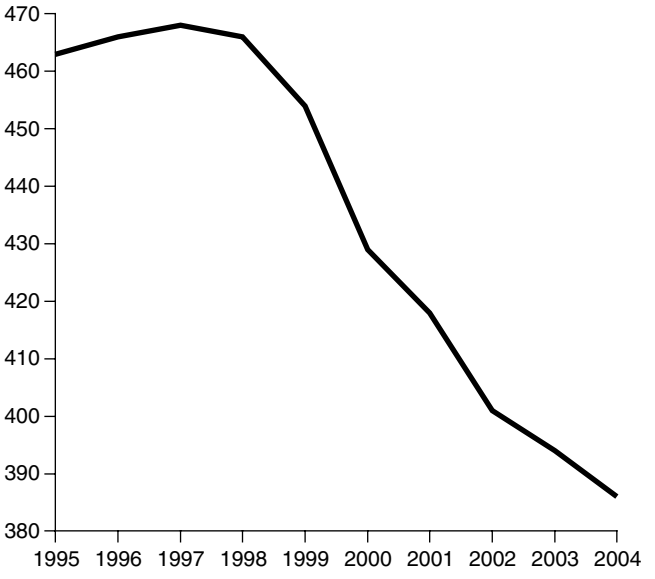
What should be seen as the rather common, and horrifying patterns to be recognized in the U.S.A. during the recent two generations, especially the 1971-2005 interval, is the virtual disintegration of the once vigorous physical-economic life of even multi-state regions, as also states and counties. Little things, like the virtual disappearance of varieties of crops, such as plain old-fashioned apples, through the trend toward the tyranny of the multinational, are included horrors, included instances of threats, in such cases, to our food security (**Figure 3**).

A related phenomenon is characteristic of the degeneration of high-technology-driven industry, in Europe as in the U.S., most notably, in Europe, since the influence of the Maastricht agreements imposed upon Germany by the hateful actions of Britain's Prime Minister Thatcher and France's

FIGURE 3

Decline in U.S. Apple Orchard Area, 1995-2004

(Thousands of Acres)



Source: U.S. Department of Agriculture.

President Mitterrand.

We have been, first of all, losing scientific progress and technology, because we have "weeded out" the small, science-technology entrepreneurships, of agriculture, industry, and technologically sensitive services, turning whole areas, such as the region of Michigan, western Pennsylvania, Ohio, and Indiana, into becoming wastelands where vigorous technological progress and the foundations of agro-industrial prosperity once reigned.

The impression left from studying a fresh batch of such animations, is that Satan is not a person, but a shareholders' meeting of a multinational corporation, a meeting at which the souls of human beings are devoured, and the husks of the victims left, cast away, on the floor, whence a slime-mold-like Satan left to pursue his rapine in some newly infested market.

The moral and the economic purpose of a healthy form of modern economy are ultimately inseparable. It is the creativity expressed by the individual, and from within a cooperating group of individuals, which is the typical expression of being human. To be human, and to express that humanity in ways which benefit society in the small and large alike, is an essential moral purpose of society. However, to be human, is to express a quality of humanity, is to use the creative powers of a person, rather than the learning ability of an ape. It is upon precisely that expression of individual creativity as the principle of leadership in a local part of society, as the way in which the local part participates, as necessary to the whole society.

Without that mustered productive creativity in the local areas, the level of creativity of the nation as a whole declines, and, with that, the productivity of the nation is ultimately doomed as it is under President George W. Bush, Jr., among others too much like him, today.

This emphasis on the high-technology, closely held local small to medium-sized entrepreneurship, was never in contradiction with the mission of crafting the product of large enterprises. It was the small to medium-sized vendor, especially the technological-progress-driven vendor, who was the backbone of any large corporate venture's ability to generate a quality product. A "fair price" system is coherent with that role of a progressive economy developed with local depth, as the kind of society in which a happier kind of people live.

We shall return to these matters at the close of this report. In the interim we have some other essential points to settle in the concluding pages to follow now.

2. 'Information Theory' As Lunacy

The evidence lying in the middle of the great conference table of the powerful, almost everywhere today, is, that the shift, which is associated with the rise of the "Baby Boomer" generation to increasing influence in society, from "industrial society" to a "services economy" and "outsourcing," was, economically and otherwise, a blending of stupidity, cupidity, and sheer lunacy, a change assisted with helpful doses of marijuana, LSD, and sexual and kindred pleasures hitherto known only to other, non-existent universes. The change, that so-called "cultural paradigm-shift," has been proven to have been an act of cultural suicide, potentially, for today's global civilization as a whole.

The most typical symptom of this moral, intellectual, and cultural degeneration, which was brought about largely through the mixture of the influence of the Congress for Cultural Freedom, especially the effects on the generation born near the close of World War II: the symptoms born out of the horrors produced by the spectacle of a Churchillian lust for global "preventive" nuclear warfare. For the Churchillians, the industrial society of the obscene Fabian co-architect of World War I, H.G. Wells, was the society of his fictional "Morlochs." The utopia sought by the circles of Aleister Crowley, H.G. Wells, Bertrand Russell, and other biological and intellectual spawn of the thoroughly evil Thomas Huxley, has been the thematic ideology of the generation which was mass-brainwashed by the mixture of fear of nuclear arsenals, and that left-wing version of Nazism known as the Congress for Cultural Freedom.

As I have just emphasized: for reasons already given up to this point, it would be absurd to act on the presumption that there is any different source of a margin of profit for society as a whole, than the benefits typified by investment of physical

effort in scientific and technological progress.[18] Admittedly, in the relatively shorter span of time, an *apparent* increase in the rate of profit, can be obtained from looting existing resources, or, *a temporary increase in the total profit* obtained by spreading the use of pre-existing levels of scientific and technological progress, into a role as improvements introduced in broader areas of human habitation and production.

However, in the longer term, as society tends to fill up the space available for expansion of successful use of existing levels of scientific and related culture, the continued taking of profit must tend to bring about a collapse of civilization, through marginal depletion of some important parts of the available resources on which society depends at that practiced level of scientific-technological culture. As such relative boundaries are approached, a process of marginal physical depletion of economy sets in, unless some relevant technological revolutions are brought into play.

This marginal depletion is expressed, chiefly, in two ways: simple exhaustion of remaining areas for expansion, and the factor of what is known as "technological attrition." The first factor represents an obvious challenge to pre-"68er" varieties of ordinary "common sense." The second will be addressed at a relevant, later point in this report.

In one sense, the influence of the work of radical positivists such as "information theorists" Norbert Wiener and John von Neumann, is merely an extension of a long process of intellectual degeneration within the bounds of a tradition of philosophically reductionist ideology, a degeneration which has carried matters today toward the conjecturable outer limits of mass-insanity. The spread of this intellectual degeneracy has had cumulatively disastrous effects on the global culture of the late Twentieth Century. It represents a qualitatively worse, more dehumanizing form of mass-insanity, than modern European civilization had experienced in a general way during earlier phases of modern European history.

Today, largely as a result of the decadence typified by the spread of that cult of "information society," as that, in turn, has been typified by the work of Bertrand Russell clones Wiener and von Neumann, the systematic sheer destruction of formerly existing physical-economic potential, and the resulting decline in the net physical productivity, per capita and per square kilometer of, in particular, the economies of Europe and the Americas, typifies a global trend of approximately forty years of cumulative decadence in the net physical productive powers of labor per capita, and per square kilometer. This has been a period during which the nominal, monetary "value added" output has been increasing at rates even more rapid than the rate of physical collapse of net output in the same nations. The conflict between those two, thus-interlocked trends of recent decades, is the most apparent factor of cause for the imminent general breakdown crisis of the present world monetary-financial system.

As I have pointed to that important development, above, my associates and I have been measuring these patterns of accelerating discrepancy between nominally rising, monetary net output, on the one side, and, on the other, simultaneous net physical collapse. These measurements show consistently, per capita and per square kilometer, county by county, in the U.S.A. itself, a degree of fraud in our generally accepted methods of measurement of national income and product data, a gross error of estimate which goes beyond simply fraud, into the domain of, literally, mass psychosis. This mass psychosis is most widely typified, as I have repeatedly warned, here as earlier, by the spread of the delusion that the U.S. economy is not in a collapse; rather, the undeniable collapse of our physical economy over the recent four decades is brushed aside, by the assertion, that the collapse of the economy can be set aside, since we have now progressed, away from a real economy, into a "services economy."

Notably, the recent patterns of actual physical decline of net physical product, per capita and per square kilometer, do correlate with what have been, unfortunately, academically popular, "malthusian" predilections for ecological models of animal populations; but, they do not correspond to the record of correlated increase of population and per capita physical productivity of successful periods of human "ecologies." The fact which stands out, when such contrasts between animal and human "ecologies" are made (**Table 1, Figures 4-6**) is that a net physical *and moral* decline in the cultures of the populations of Europe and the Americas has taken over during the recent term of approximately four decades. Specifically, the dominant trends of those four decades have been toward literally *bestialized* economies. That is to say, that the dominant culture of the Americas and Europe have been "weaned" away from recognizing the former distinctions made between the behavior of people and those of beasts.

Three of the most popular terms for describing this turn away from humanism, into this bestialization of the cultural trends of the Americas and Europe, have been "ecologism," "globalization," and "free trade." The typical policy-shaper produced by the ideological rampage of the Congress for Cultural Freedom, such as those virtual "yahoos," MIT's Professors Noam Chomsky and Marvin Minsky, no longer recognizes an efficient, functional distinction in principle between people and beasts.

However, the most efficient choice of term for getting

18. As always, this emphasis upon "scientific and technological progress" implies the coherence of the principles of creativity underlying valid expressions of Classical artistic composition with creativity, as exemplified by the experimentally defined validity of a fundamental discovery of a universal physical principle. This distinguishes the way in which the action of living processes, for example, is adumbrated by the "Golden Section," from the active principle which produces that shadow. That is said in the same sense that the principle of life subsumes, and is adumbrated by living processes and their fossils, and that cognitive powers subsume, but are not contained within the effects which distinguish the Biosphere as categorically inferior to the Noösphere. Cf. Lyndon H. LaRouche, Jr. "Vernadsky and Dirichlet's Principle," ***EIR,*** June 3, 2005.

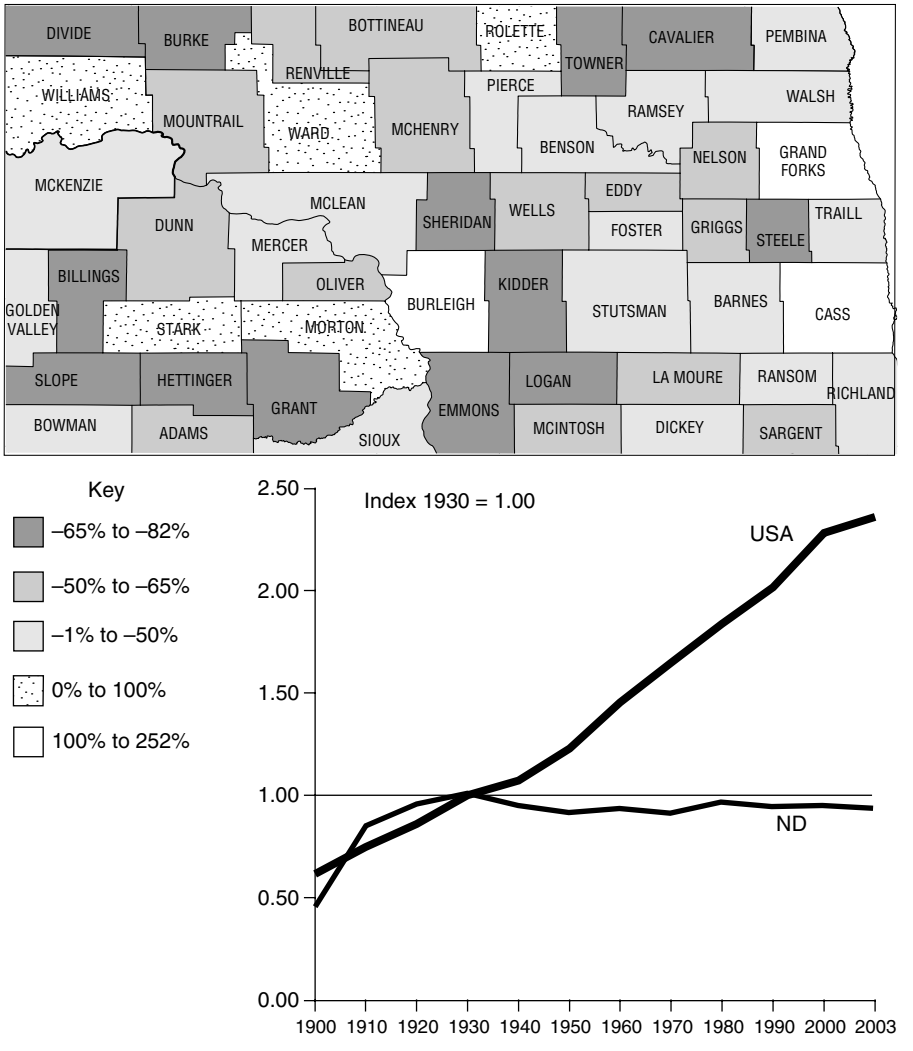
TABLE 1

Development of Human Population, from Recent Research Estimates

	Life expectancy at birth (years)		Population density (per km²)	Comments	World population (millions)
Primate Comparison					
Gorilla			1/km²		.07
Chimpanzee			3–4/km²		1+
Man					
Australopithecines B.C. 4,000,000–1,000,000	**14–15**		**1/10 km²**	68% die by age 14	**.07–1**
Homo Erectus B.C. 900,000–400,000	**14–15**				**1.7**
Paleolithic (hunter-gatherers) B.C. 100,000–15,000	**18–20+**		**1/10 km²**	55% die by age 14; average age 23	
Mesolithic (proto-agricultural) B.C. 15,000–5,000	**20–27**				**4**
Neolithic, B.C. 10,000–3,000	**25**		**1/km²**	"Agricultural revolution"	**10**
Bronze Age B.C. 3,000–1,000	**28**		**10/km²**	50% die by age 14 Village dry-farming, Baluchistan, 5,000 B.C.: 9.61/km² Development of citites: Sumer, 2000 B.C.: 19.16/km² Early Bronze Age: Aegean, 3,000 B.C.: 7.5–13.8/km² Late Bronze Age: Aegean, 1,000 B.C.: 12.4–31.3/km² Shang Dynasty China, 1000 B.C.: 5/km²	**50**
Iron Age, B.C. 1,000–	**28**				**50**
Mediterranean Classical Period B.C. 500–A.D. 500	**25–28**		**15+/km²**	Classical Greece, Peloponnese: 35/km² Roman Empire: Greece: 11/km² Italy: 24/km² Asia: 30/km² Egypt: 179/km²* Han Dynasty China, B.C. 200–A.D. 200: 19.27/km² Shanxi: 28/km² Shaanxi: 24/km² Henan: 97/km²* Shandong: 118/km²* * Irrigated river-valley intensive agriculture	**100–190**
European Medieval Period A.D. 800–1300	**30+**		**20+/km²**	40% die by age 14 Italy, 1200: 24/km² Italy, 1340: 34/km² Tuscany, 1340: 85/km² Brabant, 1374: 35/km²	**220–360**
Europe, 17th Century	**32–36**			Italy, 1650: 37/km² France, 1650: 38/km² Belgium, 1650: 50/km²	**545**
Europe, 18th Century	**34–38**		**30+/km²**	"Industrial Revolution" Italy, 1750: 50/km² France, 1750: 44/km² Belgium, 1750: 108/km²	**720**
Massachusetts, 1840		**41**		Life expectancies: "Industrialized," right;	
United Kingdom, 1861		**43**	**90+/km²**	"Pre-industrialized," left	**1,200**
Guatemala, 1893	**24**				
European Russia, 1896	**32**				
Czechoslovakia, 1900		**40**			
Japan, 1899		**44**			
United States, 1900		**48**			
Sweden, 1903		**53**			
France, 1946		**62**			
India, 1950	**41**				**2,500**
Sweden, 1960		**73**			
1970			**1975**		**3,900**
United States		**71**	26/km²		
West Germany		**70**	248/km²		
Japan		**73**	297/km²		
China	**59**		**180/km²**		
India	**48**		183/km²		
Belgium			**333/km²**		

FIGURE 4

Shrinking Population of North Dakota, Changes by County, 1930-2000



Sources: USDA National Agricultural Statistics Service; *EIR.*

From 1930-2000, of North Dakota's 53 counties, 45 declined in population. The state's population peaked at 681,000 in the 1930 Census, and declined to 642,000 by 2000. In 2003, the Census Department estimated its population at 634,000. Had North Dakota's population growth matched that of the nation since 1930, its population would be over 1.5 million today.

directly at the root of this moral mass-psychosis of recent decades, is, as I shall show here, the lunatic cult called "information theory."

Typical of the factor of insanity in recent decades of U.S. practice, in particular, is the argument to which I have already referred, above, that the collapse of the U.S. economy, as measured by standards of agro-industrial society, is meaningless, since we no longer claim to be a physically productive society, but, rather, have become a "services economy." The lunatic argument in favor of that use of the term "services economy," is the popularized delusion that income generated on the account of income from services, replaces lost income from abandonment of physical production of goods. If that were true, "Why is the U.S. bankrupt!?" "Where's the beef!?"

The proper rejoinder of the sane observer to the sophistry, "We are not really bankrupt, since we consume more 'services,' " is the observer's question:

"But, then, why are we actually bankrupt, despite your argument?" Perhaps only because the true believer in a "services economy" chooses to deny the fact that our population can no longer afford the standard of physical income it had forty years ago.

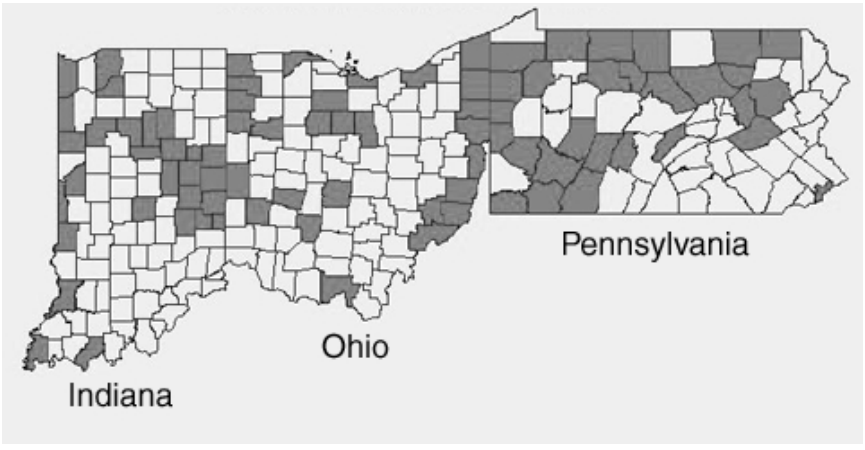
Why has the cost of occupation of a place of residence increased so catastrophically as a ration of the total income, as for a forty-hour week, of a single principal income of a household? The essential argument by the defender of the idea of a "services economy," is that, "Since I know that a service economy is good, I reject your evidence against my argument because I sincerely believe in a services economy." For some people, horses do fly: "Even if I have never seen this happen, because I know that they do."

What will such among our people do, when their assets against their liabilities on their place of residence are suddenly dropped, by one-half, or even two-thirds, when the current, inevitably doomed, real-estate mortgage-bubble collapses, as it must soon? The area around Washington, D.C., provides us a capital example of that real-estate bubble's sheer lunacy.[19]

Obviously, the argument in favor of "a services economy," rather than a production-oriented economy, is insane.

19. For good statistical and related reasons, I have identified Loudoun County, Virginia, as "virtual ground zero" of what many will soon sense as a virtually "thermonuclear implosion" of our national real-estate-mortgage bubble.

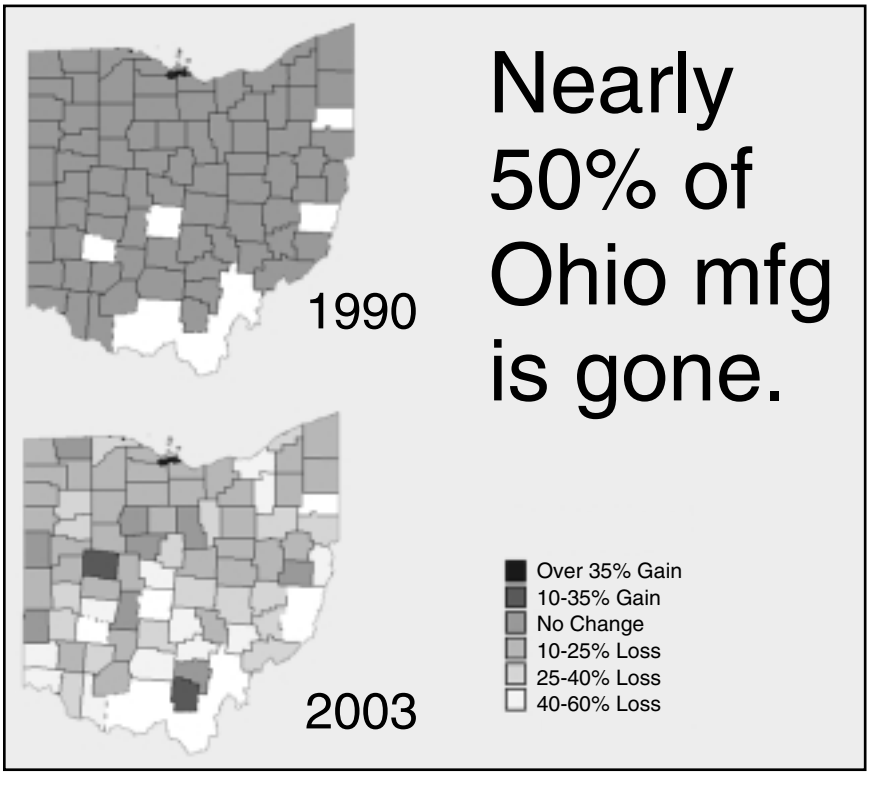
FIGURE 5
Counties Which Have Lost Population, 2000-2004



Source: U.S. Bureau of the Census, *EIR*.

Population declined in this three-state region, from 29,714,679 in 2000, down to 29,691,466 in 2004. One-third of the counties in the three states—84 out of 246 total—lost population (shown with dark tone). Ohio saw a 2.8% loss, from 11,353,140 state residents down to 11,050,605 in 2004. Extensive areas were depopulated within the other two states.

FIGURE 6
Ohio Counties: Rate of Gain or Loss of Industrial Jobs, 1990-2003



Source: *EIRNS*.

The rate of loss of manufacturing jobs has been most acute in Ohio; to see an animation, go to www.larouchepub.com/animations.

Measure standards of performance, county by county, over the recent forty years, as ***EIR*** has illustrated this with its use of computerized animations, and the absurdity of the "services economy" argument becomes clear to any sane individual.

To begin to develop that argument now, I shall begin with a qualitatively expanded summary of relevant, crucial points which I have already included in both my "Vernadsky and Dirichlet's Principle" and my remarks during the Berlin seminars of June 28-29. I begin that background discussion at this point, with a preliminary step, the contrast between higher apes, as studied by Wolfgang Köhler et al., and people.

'Insight' or Creativity?

The broad aspect of the crucial distinction of human beings from the category of higher apes, is the difference between the evidence of "insight" as defined by Gestalt psychologist Köhler et al., and the actual human creativity which is lacking in the higher apes. The relatively simplest expression of this distinction, is the role of the discovery of universal physical principles in mankind's willful raising of the level of the human potential relative population-density, per capita and per square kilometer.

This factor may be less obvious in many cases of societies prior to Europe's Florence-centered, Fifteenth-Century Renaissance. However, the apparent exceptions prove the rule. Even in societies, such as that of ancient Greece, the most brilliant periods and locations of fundamental progress in ideas were often overwhelmed, on balance, by the brutishness to which the majority of the population was subjected as representatives of "under classes." The worse cases from ancient Greece included Sparta from the top down, and the corruption from the top which Plato describes as the state of Pericles' Athens. It was only with the Fifteenth-Century Renaissance, that there emerged well-crafted redesigns of societies, called "commonwealths," such as

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"All deductive modes of game-play implicitly exclude actual creativity of the type associated with scientific discovery of universal physical principle."

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Animals can display "insightful behavior," as in this orangutan using a reed to forage for termites. When people do this, it is frequently mistaken for "creativity."

Louis XI's France and Henry VII's England, which were committed to promotion of the general welfare of all of the people.

Even in the history of the U.S.A. as a nation, which is, by constitutional design, a true commonwealth, the recurring upsurges of "yahoo-ism," as varieties of populism—such as Karl Rove's "Elmer Gantry"-style assets of today, or our "post-industrial society" cults since the rampage of the "68ers"—there are periods of worse than intellectual and moral mediocrity, periods which mask the cumulative accomplishments of our national culture even during the periods when commendable, qualitative degrees of progress are manifest within some important parts of our society.

What Köhler defined as the "insight" of the higher ape, references qualities of evidence which are not essentially different than the quality of "anti-entropic" behavior which Louis Pasteur, for example, already showed to be a categorical distinction of even the relatively simplest living processes, from those processes which are meaningfully located within the realm of non-living processes. In the broad sense of the term, the principle which distinguishes living from non-living processes, does appear to mimic what we should recognize as human intelligence, but only superficially, only among those observers who lack comprehension of the nature of specifically human intelligence.[20]

No living species other than mankind has ever shown the potential to *willfully* increase the potential relative population-density of its species. Mankind's manifest ability, through the development of culture, to increase our potential from the mere millions of the higher apes, to the billions of persons living today, is a qualitatively unique distinction of the human species. It is a qualitative distinction of the quality of creative mentation, unique to the human species, from the mere "insight" met in higher apes, dogs, and so on. It is, in other words, the systemic distinction of the Noösphere from the Biosphere.[21]

Human intelligence, as distinct from "animal intelligence," is not a distinction which can be made within the bounds of the empiricist method, or empiricism's extreme form, such as the logical positivism of Bertrand Russell, or of existentialists such as Russell's pathetic acolytes Wiener and von Neumann. To restate this point, real economic processes are not games, such as what might be played according to some predetermined set of rules of mechanical interaction, such as in that mathematical theory of games first presented by von Neumann in 1928.[22] Real economic processes, which

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20. I do not wish to distract the reader from the relatively narrower distinctions which are the subject of this present report, by venturing here into the broader and deeper questions of the coincidence of the combined effects of the omnipresent principles of abiotic, living, and cognitive processes in all places in the universe. Here, I am treating these as respectively, ontologically phase-spaces, and thus limiting the argument here to the domain of the specified issues of economy as defined from the vantage-point of the Noösphere.

21. In consequence of this fact of modern experimental science, there could be no competent teaching of economics today which did not submit to the authority of V.I. Vernadsky's definitions of the Biosphere and Noösphere. Admittedly, Vernadsky's discoveries belong to the second quarter of the Twentieth Century, but what Vernadsky discovered was always true, long before it was discovered. The concept underlying those discoveries was already implicit in the discoveries of the Pythagoreans and Plato, as in the founding of modern experimental physical science by Nicholas of Cusa, and in the defining of a science of physical economy by Leibniz. The significance of Vernadsky's work is that it provides us a qualitatively improved overview of what had been already discovered, a more powerful mode of action by man on the universe.

22. As von Neumann specifies in his first footnote to the indicated edition of ***The Theory of Games and Economic Behavior,*** his published version of that discovery was as "*Zur Theorie der Gesellschaftspiele,*" in ***Mathematical Annalen,*** Vol. 100 (1928), pp. 295-320. His presentation of a derived doctrine of mathematical economics came about a decade later, in the U.S.A. In between came the occurrence of von Neumann's acute frustration, with the presentation of Kurt Gödel's celebrated 1931 "On Formally Undecidable Propositions of Principia Mathematica and Related Systems," ***Kurt Gödel***

are, essentially, physical-economic processes, not monetary processes, are defined solely in terms of rates of development, rates which are measured entirely in terms of manifest changes caused by introduction of the use of higher orders of discovered universal physical principles as complemented by "genetically" related modes of Classical artistic composition.

In games, as the point is illustrated by Leonhard Euler's treatment of the formal determination of the Knight's move in chess by a mechanistic method, that all deductive modes of game play implicitly exclude actual creativity of the type associated with scientific discovery of universal physical principle. In game play, such as chess, what is usually mistaken for creativity is a higher degree of that same intrinsically bestial quality of insight akin to what Köhler et al. defined as the act of insight by higher apes.

In apes we encounter two types of such "insight." "Insightful behavior" shown in the wild, as in chimpanzees using reeds to forage for termites, and "insight" shown by apes in response to the challenge of an environment in which human control is setting "rules of the game," as shown famously in human control over young chimpanzees, or insightful behavior among domesticated dogs. Usually, merely insightful forms of behavior—e.g., merely "cleverness," akin in quality to the conditioned behavior of domesticated dogs, horses, etc.—among people, is mistaken for "creativity."[23]

In contrast, actual creativity is typified by the discovery of a universal physical principle, such as the solution for geometric construction of the exact doubling of a cube, Johannes Kepler's original discovery of universal gravitation, Fermat's discovery of quickest pathway, and Leibniz's uniquely original discovery of a universal, qualitatively infinitesimal calculus. In the ancient Greek culture of the Pythagoreans and Plato's followers of the Academy of Athens, as through Eratosthenes, such discoveries are known by Leibniz et al. as "powers" (e.g., German: *Kraft,* as distinct from the qualitatively inferior quality of *Leistung*). The notion of powers, as employed by Leibniz, was known in Classical Greek, as of the Pythagoreans and Plato, by the term *dynamis.*[24] Leibniz's use of the term *dynamics,* as opposed to the Cartesian notion of *mechanics,* was derived by Leibniz directly from the Classical Greek of the Pythagoreans and Plato.

It is notable on this account, that the essential feature of the work of D'Alembert, Euler, Lagrange, and Laplace, Cauchy, Clausius, Grassmann, Kelvin, Maxwell, et al. later, is that their obsessive hatred against Leibniz and his work was premised upon precisely an insightful, if fraudulent defense of the mechanistic method against, most emphatically, Leibniz's original development of the notion of both the catenary and natural-logarithmic functions of an *ontologically infinitesimal* calculus of a universal principle of physical least action. The denial of the actual existence of the infinitesimal was the axiomatic center of all of Euler's rabid attacks on Leibniz's work, and was the crucial issue in the crafting of a fraudulent theory of functions by Lagrange et al. Carl Gauss's attack on this aspect of the work of D'Alembert, Euler, Lagrange, et al., in Gauss's 1799 doctoral dissertation, poses the issue of powers, in the Classical sense of *dynamis* and Leibniz's use of the German term *Kraft.*

Thus, this conception of dynamics, as opposed to mere mechanics, is the crucial issue posed by Leibniz in his exposure of the elementary scientific incompetence of the method of René Descartes. This distinction is elaborated in my recent "Vernadsky and Dirichlet's Principle," where I employ Vernadsky's functional definition of the Biosphere as a crucial example of the same principle of dynamics which Vernadsky also employs in defining the Noösphere. Hence, the opposition of the dynamical method of science to the mechanistic view of the universe. All systems based upon mere insight into the implications of a fixed set of definitions, axioms, and postulates, for example, such as Cartesian (i.e., empiricism, reductionism in general, "Enlightenment" in general) method, are systemically anti-creative systems of mentation, in which insight occurs, but not actual creativity.

In a science of physical economy, as I have developed this notion as the basis for my exemplary successes in long-term forecasting, the only source of profit is the application of a relatively higher degree of universal physical principle. Where, as a matter of contrast, any opposing view of profit traces it, implicitly, always to the *merely insightful* application of a fixed set of assumed universal physical principles to the processes of both design of products and design of the productive process itself.

The Energy Hoax

One of the great hoaxes perpetrated in the name of reductionist modes in Nineteenth-Century physical science, has been the radically reductionist definition of the term "energy."

Collected Works, Vol. I (New York: Oxford University Press, 1985), pp. 144-195. As with a single blow, Gödel destroyed the principal scientific thesis of not only Bertrand Russell's life's work, but that of Russell acolytes such as von Neumann and Norbert Wiener. Von Neumann's devotion to "mathematical economics" has the character of an hysterical pretense that Gödel had virtually never existed.

23. That is to say, that human beings, by adopting animals as pets or instruments of work, change the set of rules to which the animal's fixed nature must adapt. The effect is that of raising the "culture" of the animal to the level of an "axiomatically" higher order of physical geometry. The animal then reacts to this environment with a quality of insight specific to its species, except that the universe to which its nature is adapting is radically changed from that of the wild. So, the pet dog exhibits insight into the peculiarities of its owner, not into the owner as such, but into the owner as representative of the cultural geometry on which the pet's powers of insight are focussed. Many people, such as voters, react in a similar, bestial way of showing insight into the behavioral characteristics of political and related institutions.

24. E.g, in Plato's ***Theatetus,*** where the term *dynamis* is used to identify the action through which the doubling of the square (a power) is effected through an act of actual creativity.

Human Discoveries Result in Rising Energy-Flux Density

Through discoveries of fundamental physical principles, mankind has come to master, at least in some degree, the use of higher energy-flux densities—contrary to the preferences of the Malthusians and the Greens.

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Fire is the most primitive level of energy-flux density in man's history of discovery.

clipart.com

Solar panels: beloved of the Greens, but unsuited to a modern society.

clipart.com

Windmills now dot the landscape in supposedly industrialized countries.

icjt.org

Brown's Ferry nuclear plant in Alabama, built by the Tennessee Valley Authority.

Randy Montoya

Electrical discharges illuminate the Z machine, the world's most powerful X-ray source, during an accelerator shot.

I mean "energy" defined as a scalar quality, as the celebrated hoaxsters Clausius, Grassmann, and Kelvin wrongly defined the term according their arbitrary choice of axiomatic assumptions. The manifest physical fallacies arising in that use of the grand "principles" of thermodynamics by followers of Kelvin and the Machian Boltzmann, such as Norbert Wiener and John von Neumann, have been more adjusted, than corrected mathematically, in a certain sense, by introducing the notion of "energy-flux density," a term which has been used in such a fashion to denote the differences in quality among solar radiation, chemical combustion, nuclear fission, thermonuclear fusion, and matter-anti-matter reactions, differences in quality which can be measured by the yardstick of electromagnetic frequencies characteristic of different levels of chemical, nuclear, fusion, and matter-anti-matter reactions.[25]

Mankind has come to master these higher energy-flux densities, at least in some degree, through discoveries and applications of fundamental physical principles. These discoveries have been made by methods which are traced to the geometrical discoveries of powers by the ancient Pythagoreans, the ancient discoveries associated with the method of hypothesis employed by Plato, on which the launching of modern experimental physical science by Nicholas of Cusa was premised. In fact, this conclusion could be, implicitly, advanced by extension of Carl Gauss's original, 1799 treatment of the Fundamental Theorem of Algebra.

The most characteristic expression of that legacy of Cusa was Johannes Kepler's uniquely original discovery of the principle of universal gravitation, by methods based upon the geometrical principles of discovery employed by the ancient Pythagoreans. All of the most crucial aspects of modern phys-

25. The use of "energy-flux density" avoids the obvious conflict with the legacy of Lagrange, Cauchy, Clausius, Grassmann, Kelvin, et al., and permits toleration for even Machian Ludwig Boltzmann's pathological treatment of the ontological implications of thermodynamics matters.

NIST

A machine-tool shop in the 1990s. Machine-tool design "typifies the practical connection between fundamental scientific progress and increase of the productive powers of labor throughout the economic process considered as a whole."

ical science are reflections of the impact of this work by Kepler, Fermat's discovery of the principle of least action, and the development of the geometrical implications of universal physical least action by Leibniz's discovery of the calculus, Gauss's leadership in the study of the general principles of physical curvature, and the development of the principles of Abelian functions by Riemann. The demand for the calculus and mastery of elliptical functions was originally specified for future mathematicians by Kepler. All successful modern experimental physical science, to date, is pivotted upon the methods associated with that set of discoveries.

So, my pioneering in the development of the present form of the science of physical economy, emphasizes measurement of an analog of what may be viewed as a correlative of relative increase of energy-flux density, as expressed in increased potential relative population-density by means of actions measured per capita and per square kilometer of the Earth's surface-area. It is this increase which defines what is rightly recognized as economic progress. It is changes in that quality of economic power, which define the potential of a society at a certain level of cultural development; it is the spread of that potential from focal points of radiation into society more widely, which, combined, are the essential premises for physical progress in mankind's potential per capita and per square kilometer.

To put that point in the frame of reference of contemporary world economy, take the case of the role of the machine-tool design function performed as a pivotal feature of the contemporary automobile industry.

The usual proof-of-principle test of a scientist's discovered hypothesis requires the ability of the machine-tool designer to create an experimental apparatus which appropriately replicates the function to be tested. This function of the experimental designer is the paradigm for what the machine-tool-design specialist does in the automotive or aerospace industry. Putting to one side the kinds of commercialized insanity which creep into the automotive industry's attempts to emulate the example of the legendary Seventh Avenue garment industry, the actual improvements in performance and safety within automotive design are a product of the same type of mentality as the experimental design specialist who works with scientists to create a crucial performance test of the scientist's hypothetical discovery of a new physical principle.

Thus, in the case of automobile manufacture, the design specialist creates the essential preconditions of a qualitative, if marginal improvement in product, on which profitable employment of the entire labor-force depends. So, from the first steps in the self-development of the Massachusetts Bay Colony, this same principle was at work, albeit in modes appropriate to that time, place, and set of conditions.

This case, of the machine-tool-design function, typifies the practical connection between fundamental scientific progress and increase of the productive powers of labor throughout the economic process considered as a whole.

However, this very fact also confronts us with what must seem for many a fatal paradox. Creativity, as the act of an individual mind's discovery of a universal principle, always occurs as a sovereign act of an individual mind, not as a group-effort action. The transmission of the replication of that act of discovery from individual to individual, is the link between the individual's sovereign discovery, and the relevant social process as a whole. How is this connection between part and whole arranged? How could it be arranged?

Here lies the paradox which is key to understanding, and resolving the issue of the determination of, and function of price.

3. The Part and the Whole: Dynamics

To introduce this concluding portion of the report, I summarize that portion of what I have stated so far which bears most directly on the crucial point toward which all this said here has been leading.

Teaching, as from a textbook as a standard reference, usually involves a certain predetermined, virtually inevitable failure on the part of both the teacher and the pupils. If both have passed the course, those students have probably failed the subject-matter which they had assumed they were mastering, as had their usual teacher and textbook-writers before them. They had learned perhaps, to pass the course of instruction, but rarely to actually understand the real-life subject-matter ostensibly presented. There are reasons for this paradox, reasons which bear on the difficulty which tends to prevent most students of economics from understanding even

the most rudimentary of the actually governing processes of an actual economy.

To restate that student's usual problem in the language of the simplest type of illustration: *what is the functional relationship between the price of an individual product and the relative value of the relevant, subsuming economic process of a national economy as a whole?* Hear the student's attempt to answer that question, and you should recognize immediately where all of his, and probably also his professors', education in economics went wrong.

This type of problem among both students and professors of economics, is largely a reflection of the hegemony of that modern Venetian model of world monetary-financial system known as the Anglo-Dutch Liberal system, today's presently self-doomed, floating-exchange-rate monetary system. The professor, whose career usually depends upon the support, or, at worst, toleration, by current financier-oligarchical system's equivalent of a "Gestapo," must steer a prudent pathway between telling the truth or fiction about current financial-market practices, lest he either provoke the morally anguished members of the class into becoming anti-capitalist revolutionaries, or, in the alternative, promote intolerable excesses in the market-place, by winning students to devote their careers to frankly unrestrained, outrightly criminal practices such as those of the Enron and "hedge fund" pirates of recent times.

Thus, as I recall from encounters with the accounting office, or board meeting, it was sometimes difficult, in relevant past times, to distinguish the cigarette and cigar smoke from the thicker fog of intended obfuscation.

"But, he's practically a crook," the bemused apprentice might have whispered.

The ingenue's senior, might have smiled a wryly tolerant smile, and added a murmur, "That's nothing; wait until you meet his lawyer."

As I have summarized this crucially important fact of modern history, the source of this widely habituated flaw of today's educated mind, is the product of an intentional, malicious campaign, launched by Venice's notorious Paolo Sarpi, to develop persons who would have useful qualities, like those of trained cattle, for performing certain assigned, and carefully supervised functions of technological progress in society, while, at the same time, crippling, even virtually destroying the future and present professionals' ability to develop actually creative insights into practical implications of the way in which the subject-matters of their physical-scientific or Classical-artistic professions are commonly practiced.

This feature of continuing modern academic and related life has a certain relevant history.

What we witness in the academic classroom, or kindred precincts on that account, represents, in a manner of speaking, a progressive change from the more general fate of people in societies prior to the Fifteenth-Century Renaissance's emergence of modern European civilization.

We must recall, that the emergence of modern nation-states, such as the commonwealths of France's Louis XI and England's Henry VII, gave impetus to rates of scientific and technological progress unprecedented in all known history earlier. Whereas, in the typical earlier societies, as in Lycurgan Sparta, the degradation of the majority of society to the condition of cattle-like cultural helots had been often standard practice, as, similarly, in the case of the Roman Empire and, also, in the prevalent state of affairs in Europe under the ultramontane tyranny of Venetian and Norman strategic considerations. The certain change in practice which had been prompted by the Fifteenth-Century Renaissance, as this effect was described by Machiavelli's writings on military policy, required even the most evil but prudent tyrannies to make room for a certain limited amount of technological and cultural progress in the societies under their rule.

So, the traditional tyranny of the Satanic Olympian Zeus was moderated by Paolo Sarpi's introduction of empiricism. The ironical case of Galileo's famous trial is exemplary.

The unrepentant old faction of Venice, as typified by the Venetian marriage-counsellor of England's Henry VIII, Francesco Zorzi (a.k.a. Giorgi), had represented the Venice of its old, medieval ways, when it expressed its devotion to the worship of the Satanic, anti-Prometheus Olympus, by denying the existence of knowledge of universal physical principles. Old Venice did that in a way typified by the Roman hoaxster Claudius Ptolemy's notorious pro-Aristotelean system..

Sarpi, the leader of the "New Party" of Venice, like his faithful house-lackey, Galileo Galilei, was chiefly a plagiarist and faker of some of the work of Johannes Kepler, but he himself was a faker who had no honesty, in science or otherwise. Galileo was, appropriately, the personal associate and teacher of England's bestial Thomas Hobbes. Old Venice's defense of Ptolemy's fraud, at the expense of the new Venice's hoaxster Galileo, was typical of both the old, medieval tradition, and the modern tradition of Venice's "New Party," the Anglo-Dutch Liberal financier oligarchy.

As the state power of Venice waned—used up, in a manner of speaking—over the course of Europe's Seventeenth Century, the "New Party" faction of Sarpi and his followers transplanted the center of concentration of Venice's financier-oligarchical families into the northern maritime regions of the Netherlands, Britain, and the old route of the former Hansa. In the course of the Seventeenth-Century, the paradigm for this transplanted, Anglo-Dutch Liberals' "Venetian Party," was the empiricist dogma of René Descartes.

Hence, although the Anglo-Dutch Liberal faction, the empiricists of what professed itself to be the Eighteenth-Century "Venetian Party," opposed the plainly medieval, neo-Aristotelean obscurantism of the old Venetian Party of the Habsburgs and their feudalist ways. Nonetheless, these new Venetians, the empiricist Liberals, were, in their special way, nonetheless even more efficiently ferocious than the old, in their hatred of the modern European civilization which had

emerged during the Fifteenth-Century Renaissance. Their hatred was focussed against the memories of Plato and of Cardinal Nicholas of Cusa, the founder of modern experimental physical science, above all others of modern history.

So, the empiricist system of Descartes as transplanted into the synthetic, intellectually inert body of Sir Isaac Newton, became a campaign to exterminate the Classical Greek legacy of the Pythagoreans and Plato, and the modern scientific and Classical cultural legacy of the Fifteenth-Century, Italy-centered Golden Renaissance. This campaign of lies was known as "The Enlightenment," to the present academic day.

The principal targets of the hate expressed by this illuminated attempt at extermination of modern scientific and related culture, were the followers of Cusa, such as Leonardo da Vinci, Johannes Kepler, Fermat, and Leibniz. This campaign was coordinated through France, by the Paris-based Venetian Abbot Antonio Conti, the true follower of Descartes and true illegitimate spiritual father of the mythical Sir Isaac Newton.

A network of salons was built up, largely at the prompting of Conti, built around the figure of the passionately decadent Voltaire. This set of salons, including the Berlin academy of Voltaire's circle of Maupertuis, Euler, Lambert, Lagrange, et al., conducted the effort to eradicate the influence of Cusa, Leonardo, Kepler, Fermat, Leibniz, et al., throughout Europe. The special target of the hatred of this network of salons, was Leibniz. From this network of salons, and the circles of Voltaire based near the border of Switzerland, came the London-directed Martinist freemasonic order, which orchestrated the French revolution, the creation of the tyrant Napoleon Bonaparte, and the subsequent birth of the Synarchist International which produced the fascism of Mussolini, Hitler, and Franco.

This Enlightenment pack of salons was boldly exposed as a pack of hoaxsters by Carl F. Gauss, in 1799, in Gauss's doctoral dissertation exposing the systemic frauds of D'Alembert. Euler, Lagrange, et al. This counter-attack against the Enlightenment, by Gauss, was crucial in setting into motion the revolution in fundamental scientific progress by the followers of Leibniz in France's Ecole Polytechnique, and around the circle of Germany's Ecole Polytechnique member Alexander von Humboldt, such as Lejeune Dirichlet, Bernhard Riemann, and numerous others during the period of European physical science through the death of Riemann.

The Eighteenth-Century Enlightenment's typification of a kind of universal fascism now intended to supersede the Mussolini-Hitler-Franco model, is the present product of the same Synarchist financier-oligarchical cartel, the universal fascism of "neo-cons" such as Michael Ledeen and that which spawned the Ledeens and their like. "Their like" is efficiently typified by that Congress for Cultural Freedom associated with the so-called "Frankfurt School" tradition in Germany: the tradition of the "neo-Voltaireans" Adorno, Heidegger, Brecht, Horkheimer, Jaspers, Nazi Heidegger's Jean-Paul Sartre, and the like. The ideologies of the Federal Reserve's Greenspan, his Ayn Rand, and Siena's Mundell are expressions of the same type of perversion.

So, today, as a result of the ideological brainwashing of virtually a generation of intellectuals of the "Baby Boomer" class, many people seek to deny the fact that the present system is collapsing. They do so, not on the basis of empirical evidence bearing on the performance of physical economies as such; but, only because they believe in the system, as they might be devotees of a religious cult.

As long as the political or kindred notion of the authority of the system persists in their minds, they believe that that system of belief-driven behavior is still functioning, and that, therefore, the system is not collapsing. In fact, contrary to their cultish belief, the present world system of that form is collapsing, and will cease to exist soon, that probably about the same time that the global mortgage-bubble collapse might be detonated at the critical mass's preferable "ground zero," in Loudoun County, Virginia.

For example, the argument that although the physical-economic system of the U.S.A. is collapsing at a currently accelerating rate, "true believers" deny this, on the pretext that the change from a productive economy, to a "services economy" was an inevitable and continuing change, to the ideological toothpaste which could never be put back into the tube. The continuing of the bad habits, the habits of the change to a "services economy," which has caused the physical collapse of the economy, is not considered evidence by the "true believers" in a services economy, simply because they are, after all, true believers in a services economy.

The source of such lunatic faiths of such "true believers" in "post-industrial, information society," is just that quality of widespread outcome of the Congress for Cultural Freedom and its proliferation of associated social formations, such as The American Family Foundation.

That is the essential paradox confronting such true believers in what is actually a self-doomed "services economy." So, today's successor to Pop Watson's IBM, is the updated plaque hung on the wall of every true believer in the Norbert Wiener and John von Neumann bible of "Baby Boomerism": "Don't Think!" Appear to be very, very clever; but, above all, do not actually think. Sarpi stands in the shadows nearby, nodding and smirking, silently.

Economy As Dynamics

The problem to be recognized and overcome, is that on which I have placed heavy emphasis in my recently published work, including the central feature of my recent "Vernadsky and Dirichlet's Principle," and in this present report. The most crucial, central point which must be grasped, otherwise the continuation of a recognizably civilized form of life will soon be postponed to some more or less distant future, is the fact that modern empiricism, on which virtually all teaching and practice of national economic policy is currently premised, suppresses that factor, the human individual's creative pow-

EIRNS/Stuart Lewis

EIRNS/Paul Gallagher

Virginia's Loudoun County, northwest of Washington, D.C., was formerly an agricultural area, but has now been taken over by the real estate bubble. The house on the right sold for $397,000 in July 2004; in June 2005, it sold again for $569,000. LaRouche describes Loudoun County as "ground zero" for the coming global mortgage-bubble collapse.

ers. So, I have, once again laid heavy emphasis on that connection here in this present report.

There is no competent definition for the discussion of any important problem of economy today, without situating that discussion under the cardinal topic of "The Noösphere." I have identified the need for this distinction in earlier locations, by referring to the rising challenge of the need for management of so-called natural resources under the pressing conditions of global population-growth, and in defiance of the brutish obscenity of lunatic proposals by deranged hysterics for something at least approaching "zero population-growth" alternatives.

We can no longer tolerate thinking of an area of owned property as the unit of economy. Ownership of part of the universe was never, and is not now, a self-evident universal object. This is, after all, the Creator's universe, in which your personal tenancy is conditional upon considerations of natural law. Ownership, or its likeness, is a trust, with social conditions and goals attached for its retention and use. The development of the potential of the entire planet, and of the entire national territory within the planet as a whole, will be the overriding motivation of any nation, or culture which attains even rudimentary fitness to survive.

The implications of what I have just said, pose the apparent fundamental paradox of the interaction between the exclusively, perfectly sovereign creative powers of the individual mind, and the effect of the contributions by that mind's creative products on the ability of the nation, and even the planet as a whole, to survive.

This is the problem of dynamics which must prompt nations to rid themselves of the ideological pestilence of empiricist thinking about the subject of economics.

It is the creative powers of the individual human mind, as understood, in opposition to any contrary view, the creative powers as recognized by the Pythagoreans, Plato, and the leaders of the continuing modern European Renaissance. These are the conditions which are the sole basis for the continued development, even the continued existence of the human species. These are not arbitrary conditions, but what can be adduced as conditions required by natural law, from study of man's special role within the universe.

Thus, it is a scientific fact, that it is that creative power of the human mind which is denied by the empiricists, which enables mankind to develop the Noösphere, a Noösphere resting on the foundation of a Biosphere which the Noösphere develops, resting upon an abiotic domain which is a subject of the Biosphere and Noösphere combined. Ignorance of science is no excuse for deviation from the lawful implications of that knowledge.

What must be eradicated, for no less reason than the sake of the future of the human species, is the cult belief in an alleged principle of universal entropy, which presents the Biosphere as a parasite on the abiotic domain, and the Noösphere as a mere parasite on the Biosphere and abiotic domain combined. This wicked aberration, spawned by aid of the doctrinal influence of the Congress for Cultural Freedom, is what has become prevalent, in the name of hatred of the libelled memory of President Franklin Roosevelt. This hatred is what has, among other effects, brought about the recent four decades of accelerating plunge of our planet, when considered as a whole, into the presently yawning existential catastrophe of all mankind. It is this cultural cancer which, in fact, gave us the pathetic encumbrance of a world seemingly doomed to lie under a Prufrockian tombstone for all civilization, labelled "George W. Bush and Cheney Were Here."

'Hey! Stupid! Whatcha Doin'?'

About forty years ago, or a bit more or less, the U.S. economy was still the most advanced and prosperous economy of the world. We were then within a few years of putting

men on the surface of the Moon (and safely returning), but we had become more than a little bit foolish in several outstanding respects. Today, our economy, and those of Europe, are wreckages, in which most of the regions of great productive power and advanced technologies have been ruined. We have lost the physical productive power we once commanded, and have pauperized the once-proud lower eighty percentile of our households which had formerly had a high standard of living, or had been in reach of attaining that. We have destroyed entire multi-state regions of our nation, which were formerly industrious fountains of growth in many ways. Most of the basic economic infrastructure we once had is now dead or rotting, with no renewal presently in sight for most of it.

We are the United States which is now going to teach the rest of the world how to manage its affairs?

We now depend upon subsisting on products supplied by cheap labor, either from other parts of the world, or, which we have imported to displace our own labor-force here. We pay for less and less of what we actually owe on current account for what we import from the other parts of the world, even the relatively poorest. We are presently, as a nation, bankrupt on current account, with no prospect for regaining our ability to repay our debts over decades yet to come. But, we smile, and say, "That's all right; we are now a services economy."

This pyramid of our growing accumulation of unpayable foreign obligations, has been sustained by a cancer of fictitious increase of nominal monetary wealth, a monetary wealth which has been obtained by incurring a growth of currently unpayable debt far greater than the reported monetary gains obtained in exchange for that vastly greater amount of debt. (Refer back to Figure 1: "A Typical Collapse Function," p.21). But, when these facts are mentioned, the response from many is, "But, now we are a services economy, and do not have to concern ourselves with what we actually earn by being productive." Let us rename our magical nation "The Island of New Laputa," and smile because, as we say, that would be better than making Dick Cheney President and calling ourselves "The Island of Dr. Moreau."

We and relevant nations of Europe are in such a fix, in which we do not earn enough, as nations, to keep our presently existing population alive. Yet, we refuse, currently, in both the U.S.A. and Europe, so far, to create the long-term credit which we could use to raise current levels of physically productive employment well above breakeven levels.

Compare our situation with the effects of the catastrophe caused by the Tsunami, which swept among the waters of the Indian Ocean-centered region, to sweep into the waterfront areas and cause mass death. Why were not only the tourists, but also masses of the local population destroyed by the Tsunami in the fashion this occurred?

For decades, since the formation of the Asia-Pacific Association, at the prompting of the leader of Japan's Nippon Steel, some of us, including that gentleman, have been pressing for development of basic economic infrastructure in the region of Southeast Asia; but, the wise guys from Washington and London, have decreed: "Resorts and hotels only." So, instead of rational economic development, the very cheap labor of Southeast Asia, was herded as hod-carriers and objects of sexual recreation for tourists, onto the beach areas where the facades of so-called "luxury tourist traps" were concentrated. During the same time, we too, have undergone a process of turning our domestic population at home, into a "services sector" conceived by the same kind of wisdom which placed so many poor, crushed people of the Indian Ocean region in the way of that Tsunami. Then, let us review, similarly, Ms. Condoleezza Rice's currently cynical policies toward the continuing Anglo-American promotion of genocide in Saharan and sub-Saharan Africa.

Aside from the obvious urgency of placing the inmates of the Mont Pelerin Society, and kindred types of dangerous lunatics, into either prisons or mental hospitals, what lesson is to be drawn from this ironical coincidence of the victims of the Tsunami and the victims of the current domestic economic policies of our U.S.A.?

Shall our policies be to organize a "cargo cult," an arrangement under which ships from the beneficent President George Bush's newly created CAFTA paradise, haul freight to feed, clothe, and entertain the technologically primitive inhabitants of the "service economy" which the U.S.A. has become? Or, shall we, instead, return to being productive, as we used to be, as a matter of both practice and policy more than forty years ago?

There has to be a better way. There is a better way; we once knew it, and with some important defects included, it worked as long as we stayed with the legacy of the great economic recovery organized under President Franklin Delano Roosevelt.

You still don't think Franklin Roosevelt was on the right track. "Look at yourself now, buddy! Hey, stupid, whatcha think you're doin'?"

First, What, Then How and Why

Were I U.S. President now, I would tell the world that we are going to prevent what is now onrushing as the greatest financial collapse in history. We of the U.S.A. will take the direction which President Franklin Roosevelt took, but on a larger scale, and with a longer view ahead. It will work.

I laugh, for a relevant reason. In 1975, I spent about an hour or so with France's Jacques Rueff. At the time, I was working on a proposal to turn around the disastrous series of global blunders which had just been committed on the preemptive prompting of the U.S. Administration of Richard M. Nixon, the insane wrecking of the Bretton Woods monetary system by Nixon's Administration. Those of us who shared my proposed remedial initiative were organizing for meetings with key nations from what was then called the "Third World," the nations which were most directly and

cruelly threatened by the Nixon Administration's wrecking of the U.S.A. and world economies.

Since I knew of some forces inside France, and also of the successful organizing of the so-called "heavy franc" system under Charles de Gaulle's minister Jacques Rueff, I thought that my taking counsel from M. Rueff was much in order. We both laughed. Neither of us was happy about the conclusion we reached on the prospects for my project, but we had a sense of the historical irony of the situation, the kind of sense of irony which a leader must always bring to any great and necessary, but uncertain enterprise.

He explained, that de Gaulle had asked him, in effect, "Why should I not reject your proposal for a heavy franc, as all of my other advisors tell me I must?" Rueff told me: "I said, I stake the reputation of my life's work on the success of this proposal." De Gaulle then replied; "I am supporting you." Rueff succeeded, and de Gaulle also succeeded; France today owes much to both for many of its best achievements from that initiative. But for the murder of U.S. President John F. Kennedy, and the hustling of Germany's Chancellor Adenauer out of office prematurely, the world would have been a much better place in which to live today, because of the implications for international cooperation of the measures which President de Gaulle adopted at the prompting, in significant part, of Jacques Rueff.

We, of the U.S.A. and other nations, face a comparable, but profoundly more important, and indispensable action today.

Now, we must, as I have said and written, here above and earlier, we of the U.S.A. must take the initiative to put the International Monetary Fund and World Bank into receivership by the relevant concert of leading governments. We must convert the so-called central banks of relevant leading nations into national banking systems, in Alexander Hamilton's sense, through taking central banking systems which are, in fact, hopelessly bankrupt on their own account, into government receivership for their protection. We as a concert of governments, must freeze what must be frozen, debride the international monetary-financial systems of intrinsically valueless gambling side-bets known as "financial derivatives," and launch a long-term reorganization of debt among nations over a term of one to two generations.

The debt held under the reformed international monetary system shall consist of two principal components: one debt, which is reorganized, chiefly on a long-term basis, as part of the assets of the reformed international and national sovereign banking systems; and a second, much larger category of debt under the umbrella of the new monetary system, which shall be dedicated, chiefly, to credit for long-term construction and related loans for basic economic infrastructure and major agricultural and manufacturing, and related public and private investments over a term of one to two generations, as the physical character of the related capital investments imply.

The pivotal immediate effect of this reform must be a surge in levels of, chiefly, physically productive employment in, chiefly, basic economic infrastructure and systems of private production ventures.

The combined old and new parts of the system associated immediately with the reformed national and international monetary systems will obviously function in a manner which includes precedents under Franklin Roosevelt and the remarkably superior performance in use and recycling of credit by the post-war Kreditanstalt für Wiederaufbau in Germany. The immediate objective is to bring the national physical economies of the participating sovereign nations above breakeven levels more or less immediately.

This project, so described, would work, but its successful performance would require a return from a "free trade" system of international and internal national accounts, to a "fair trade" system consistent with what are most usefully identified as Alexander Hamilton modes of protectionist operations.

Now, consider a broad description of the kind of world such an emergency recovery reform would project. After that is done, I shall lead your attention to the importance of dumping a Cartesian, mechanistic view of physical and financial accounting, in favor of a dynamic view, as I shall explain that summarily in the concluding pages of this present report.

A Fixed-Exchange-Rate System

The way in which President Nixon's Administration wrecked the U.S. and world economies is elementary: he "floated" the U.S. dollar, and thus caused fluctuations in the actual rate of repayments on previously negotiated long-term credit issued, thus creating a situation in Ibero-America, for example, in which that region of the world has long since more than repaid every bit of net debt it had incurred, according to the terms of the fixed-exchange-rate system, and has been looted through predatory international-loan practices which have been orchestrated largely through a corrupted IMF and World Bank ever since.

This looting of the nations of Central and South America, for example, especially since the Summer and Autumn of 1982, has destroyed the economies of those nations, such that Mexico, for example, which was on the verge of a great internal development, and upgrading of its per-capita real-economic output, has been virtually destroyed internally, in net effect, and has been, as a result, both the source and conduit for dumping cheap-labor forces rendered destitute and desperate by the effects of Nixon's policy-change, upon the economy of the U.S.A.

Under Franklin Roosevelt, for example, our U.S. policy was the export of high-technology capital goods, on long-term investment, into the development of the per-capita physical productive powers of labor and standard of living of nations such as those of Central and South America. This policy had been attenuated during the course of the post-war period, despite an initiative by President Kennedy to correct this, but

what was done by and following Nixon's madness, was the ruin of both the economies of South and Central America and also the U.S.A. itself. Our policy must be to reverse that erroneous trend.

There are many aspects to the global implications of this presently outlined change in direction. Take two cases, continental Eurasia, and the Americas.

The great driver of the economic growth and development of the world as a whole will be chiefly the internal long-term development of the continent and adjacent islands of Eurasia. This will be largely the focussing of high-technology and heavy-engineering capabilities of Europe, Japan, and Korea, for cooperation with large-scale transformation, in cooperation with China and India, of the basic economic infrastructure of the internal regions of Asia. This will be, of necessity, a fifty-year investment program, in which the heavier emphasis during the first quarter-century will be, unavoidably, on basic economic infrastructure, and the following generation (e.g., circa twenty-five years) on the development of the populations of this region up to parity with modern levels of productivity. A similar undertaking is required for the hemisphere of the Americas.

The idiocy of projects such as CAFTA has been, that larcenous Enron-minded Baby Boomers from our financial-investment centers believe that since countries below our Rio Grande border must provide us cheap labor, that we must not permit investment in infrastructure which would incur a doubly added price to the cost of labor from the region below the Rio Grande. One added cost, for the infrastructure needed, per capita, to raise the standard of living, and also the average level of productivity of labor in those countries; and, one element of additional cost, for building up the territory of relevant nations to the level needed to sustain the growth of physical productivity per capita and per square kilometer in those nations.

What has happened to our population, and our territory inside the U.S.A. makes the picture clearer for us here.

What we have done, during the recent four decades, is to destroy the infrastructure on which the American standard of living here depended, in various direct, and indirect ways. By allowing essential infrastructure as well as the physical capital of industries to be rusted out, we have cheapened the cost of labor, and the cost of government, while destroying health-care systems, and many delightful things admired by our accounting profession and Mont Pelerin Society predators. We have destroyed our own country so, during the recent decades of this cultural-paradigm-shift to a "services economy," and we are turning targetted nations, such as, now, CAFTA, into virtual slave-labor ghettos by using methods which are similar in conception and intention to what we have done to ourselves.

So, if we wish to survive, and become able to pay the debts which are presently unpayable, we must change our ways, back to the way we ran our economy under President Roosevelt and the portions of his legacy to which we adhered, still, during about one generation following the close of World War II.

Hamilton and Vernadsky

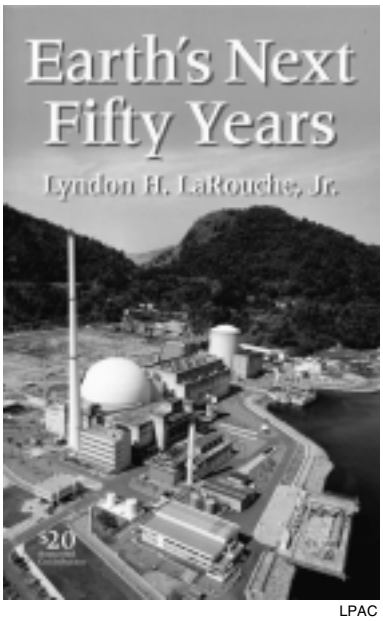
The inherent stupidity of what passes for education in "economics" in our universities and elsewhere, is a reflection of the fact that an accountant, for example, almost by definition, is trained not to see a human being when making his calculations and adjustments. Accountants do not do this because they are inherently bad people by any ordinary standard, but because the rules of the game to which law and convention compels them to perform are intrinsically wicked in their intended effects.

The tell-tale error in all customary accounting and related economic practice is that the accountant makes no distinction between a trained ape and a person. The unit of economic action is an action of a particular type, thus resembling a parody of the role of a trained ape, rather than an actual human being whose economic significance is the role of applied discoveries of discovered universal principles.

Obviously, in dealing with the effects of human action, i.e., discovery of experimentally valid universal physical principles, we are rarely dealing with an isolated individual as such, but with the role of the individual within a social process, a process within which a reflection of some relevant change in behavior within the actions of the cooperating group of persons increases the expressed power of society "over nature," so to speak. It is the rate of realization of such qualities of improvements within the social process of which the individual is a participant, which is the exemplary way in which man's increased power over nature, per capita and per square kilometer, is expressed. It is transformations in potential relative population-density effected in that view of a process of cooperation, which is the increase in power over nature, which may be taken by society as the ontological reality of what might rightly be regarded as profit.

It is not quite that simple, however. It is not the action upon the target of the productive act which determines relative value. The act of production occurs in a context, such as the farmer's action on improved land. The productivity of the farmer will not lie within his action as such, but the margin of advantage given to his action by the improvement of the capital-like circumstances of production. Therefore, to increase productivity, one can not limit the effort to the skill applied to production directly, but must take into account the amplification of the effectiveness of the productive act by the improvement of the circumstances of production, such as infrastructure, and so forth.

Similarly, conversely, if the quality of the direct productive action were to remain constant, an improvement in the materials, the physical capital, and the environment of the productive act will shape the relative productivity of a form of action which has not been altered in and of itself. Thus, the social act of production within the context of the infrastructure



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Vladimir I. Vernadsky's dynamic view of the economic process, as LaRouche introduces it here, "enables us to free the way nations think about economies from the virtually Cartesian, mechanistic, 'flat Earth' outlook unfortunately typical of accounting practice and most serious economic thought. . . ." LaRouche's 2005 book (right) develops these matters from the standpoint of a program for global development.

supporting that action, will vary in potential according to the action which is applied to improve the environment.

Hence, the stupidity of the persuasion that shifting production to areas of cheaper labor cost is an advantage for the economy. As we see in the virtual bankrupting of the U.S. through the exporting of production to cheaper labor markets, we must take into account the interaction of all factors in the production and consumption of products. Also, we must never assess production in terms of a fixed "standard," but must premise the assessment of an adducible standard of reference on a ongoing rate of qualitative development of the process of change, rather than treating change as a sequence of individually fixed steps.

Among the manifold considerations which must be taken into consideration, is the matter of recovery of investment in physical capital improvements. Consider, for example, the notion of the cost of leaving developed basic economic infrastructure, or productive facilities fallow.

Once we take these interactions into consideration, we appreciate better the significance, the essential role of a system of pricing premised upon a "fair trade" standard, rather than a "free trade" standard. All of the necessary factors of production and productivity of the society as a whole must be taken into account in determining the array of necessary expenditures required to support an increasing potential relative population-density of a society. These necessary expenditures must be distributed as, in effect, charges against production, including the writing off and replacement of capital investments of all kinds against the costs and income of society as a whole. These charges must be incorporated in the costs, expenses, and prices of produced goods, and in the crafting and maintenance of systems of tariffs and trade-regulations. Not only those charges; we must also allot charges to reflect the forward physical investments required to sustain those functions which have been chosen as having relatively higher priority for growth.

The picture of the physical relations of cost and growth which I have broadly portrayed here, poses the question of how we should think about the apparent anomaly of the use of an assigned or negotiated money-price of payment for particular items in national and international economic processes which are essentially integrated dynamic systems as wholes.

Hamilton and the work of Vernadsky converge in providing us an appropriately exemplary way of thinking, dynamically, rather than mechanically, about the way in which physical economies fail or succeed in promoting the progressive development of society. The great advantage added by bringing in the contributions of Vernadsky in the way I have done this here, and in several other locations, is that this dynamic view of the economic process, enables us to free the way nations think about economies from the virtually Cartesian, mechanistic, "flat Earth" outlook unfortunately typical of accounting practice and most serious economic thought, to say nothing of the psychotic quality of absurdity intrinsic to the arguments of Wiener, von Neumann, et al.

If we set boundary values for the physical-economic processes as a whole, and set "fair price"-defined target boundary-values for monetary processes within the framework of the physical-economic processes, we shall, at worst, produce manageable "near misses" in our targetting of relative standard price-ranges of reference. We need not worry about precalculating a perfect target-price for products or national currencies; if we adopt manageable prices, and if our "macroeconomic" intentions are well-chosen and clear, the social system of production and trade will adapt itself nicely to our design, a power of adaptation which is, after all, what the function of freedom of choice is needed to perform, in any case. Good economic science shows us what must be attempted to promote the general welfare. What is needed to control freedom of choice is good will, and good will is nothing other than an overriding commitment of the individual and his or her society to promote the general welfare. For that commitment of conscience to natural law, there is no substitute.