

Editorial

The Machine-Tool Principle

The international circulation of the intelligence weekly *EIR*, is chiefly to policy-thinkers. A significant portion of that readership is represented by persons who are close to policy-shaping by governments or of other influential institutions. Since its founding, in 1974, *EIR* has been committed to presenting what policy-influencers in every nation need to know, as presented from the standpoint which takes the post-1945, global political power of the U.S.A. as the bench-mark against which world developments are to be measured.

This sometimes, as now, entails special obligations.

With the end of the year 1996, the world has reached the point at which the inevitable disintegration of the world's presently floundering monetary and financial institutions is unavoidable; more and more prominent voices, throughout the world, have proclaimed the early doom of the institutions of the modern sovereign nation-state. We have reached the point, that, either the U.S. government acts soon to initiate a "new Bretton Woods" set of monetary, financial, economic, and trade agreements, to replace the "globalist" system now hurtling toward its doom, or, the planet as a whole will be plunged into a disaster comparable to, but far worse than Europe's Fourteenth Century "new dark age."

Unless the Federal government of the U.S.A. takes certain initiatives, to bring a significant group of nations together for the establishment of such a "new Bretton Woods," a "new dark age," similar to that which doomed the failed cultures of the past, will grip the planet as a whole. The collapse of the institutions of the modern sovereign nation-state form of commitment to scientific and technological progress, would mean the inevitable collapse of the demographic characteristics of the world's population, to approximately those of the Fourteenth Century. This is the crucial challenge which confronts the reelected President Bill Clinton.

In many ways, the new monetary, financial, credit, trade, and tariff agreements which must be introduced as a "new Bretton Woods," will be an echo of the best features of the 1946-1966 monetary system. We could not expect the world to accept, quickly enough, any unproven kind of new system, no matter how sound that alternative might be over the medium to long term. We

must rely chiefly upon successful kinds of historical precedents.

Return to the form of pre-1967 international agreements, is necessary, but not sufficient. We also require a stimulant to global economic growth. Part of that solution, is China's Eurasian land-bridge project, presently supported by leading circles in several nations, including India and Iran. The leading problem today, is that those in leading positions of power in today's nations are representatives of what we in the U.S. call the "Baby Boomer" generation. As a result of the late-1960s shift from production-oriented economies, to "post-industrial" utopianism, only exceptional figures in governments, among corporate managements, and among relevant professionals, have even an intimation of the principles on which successful, pre-1967, agro-industrial economy used to function.

A return to the policies of the best years of Bretton Woods, more than thirty years ago, is an indispensable first step toward a sustainable economic recovery, in the United States itself, and in the world at large. Once we have returned, from a bankrupt, to a sane set of international monetary and financial policies, the real work of building a sound economy begins. The key to economic growth is located in the strategic machine-tool sector, the sector where scientists and engineers transform discoveries of scientific principles into the machine-tool designs. Without concentration of investment in scientific and technological progress, any modern economy is condemned to repeat the decay into ruin which has dominated the world economy, increasingly, during the recent thirty years. Without a strategic machine-tool design sector of the economy, and without an accompanying return to Classical forms of education in schools, without a return to the state's role in building infrastructure, and without fostering investment in scientific and technological progress, no modern agro-industrial economy can escape that collapse of physical economy which is destroying the possibility of decent future existence, for virtually all of the world's nations today.

Thus, the almost forgotten principles of the strategic machine-tool sector, will be featured content within the forthcoming issues of *EIR*.