

Editorial

Return to the Machine-Tool Principle

New Delhi correspondent Ramtanu Maitra's report, in this issue, draws attention to the tragic paradox facing industrial entrepreneurs today: Although India's machine-tool manufacturers represent the leading edge of their nation's productive capacity, and although they produce a commodity that is desperately needed for global development, yet they are unable to find customers for their products.

How could this be?

Just look at the rest of Asia, excepting China. The nations of Southeast Asia and Japan are crumbling. Despite the enormous sums of money which have been pumped into those countries since last fall, and into the financial markets of Europe and the United States, the underlying problems have not been addressed, and the situation is now ripe for a new explosion.

"It's blowing up," said Lyndon H. LaRouche, Jr., in an interview with "EIR Talks" on March 4. "And we're headed, toward the second half of March, at the latest, we're expecting some real major earthquake rumblings, and perhaps an earthquake then, or shortly thereafter. When that hits, the pressure, the blows against the U.S. and European financial markets, are going to be *horrifying*. So, people who think they're going to make money on the rise of the stock market, are going to find themselves up in a balloon, with no balloon carriage, at about 70,000 feet, trying to breathe."

For India, Japan, or any other nation, the linchpin of global survival must be a strategic agreement between the United States and China. Washington and Beijing must organize a New Bretton Woods System, to put the world financial system through bankruptcy proceedings, and erect a new one in its place, with fixed exchange rates to protect national economies, and with national banking, Alexander Hamilton-style, instead of British-dominated central banking.

That is only the first step, however. With the financial system on a sound footing, the real work of building the economy begins. The key is located in what LaRouche has called the Machine-Tool Principle: In the strategic machine-tool sector, scientists and engineers

transform discoveries of scientific principles into machine-tool designs, which are applied to bring the economy to a higher level. Without such a strategic machine-tool design sector, without a return to Classical forms of education, without fostering the state's role in building infrastructure, no nation can escape the collapse of the physical economy which is evident in almost every part of the world today.

From this standpoint, look at China's ambitious program for the Eurasian Land-Bridge. During the past year, significant progress has been made in expanding the development effort along this "New Silk Road," including such strategically important successes as the completion in December of a natural gas pipeline from the Central Asian republic of Turkmenistan to Iran. Recent diplomacy between China and Russia is also promising, in this regard.

But such progress has occurred without significant input from the United States, Europe, and Japan; they have been too busy making a fast buck in real estate or financial derivatives or the stock market, to bother about developing infrastructure, industry, and science.

If Japan continues on its present course, its banking system could disintegrate before the end of this year. If that happens, Japan will dump its U.S. securities; that, in turn, could detonate an explosion of the derivatives bubble, and the whole international system could vaporize, virtually overnight.

Therefore, it is urgent that Japan stop the monetarist nonsense, and focus on its industrial machine-tool capability, its real economic strength. A nation without significant natural resources, it depends upon imports to survive; it must therefore export high-technology, machine-tool-grade goods. The great market for that is China and the Eurasian Land-Bridge.

The Land-Bridge, approached from the scientific vantage-point embodied in LaRouche's Machine-Tool Principle, holds the key to the economic future, not only for Japan, India, and the rest of Asia, but for the entire world. Will policymakers draw the appropriate conclusions, before it is too late?