

## AN EMERGENCY RECONSTRUCTION POLICY

# Recreate Our Economy!

by Lyndon H. LaRouche, Jr.

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At this moment the U.S.A. is gripped by the greatest world monetary-financial crisis of more than a century. Although the U.S. economy itself has been in a process of uninterrupted decline for more than three decades, the majority of our citizens have been in a state of denial of this reality of the onrushing disaster, until most recently. Therefore, the illusion still rampant among leading institutions and the population generally, is that the presently onrushing collapse of the U.S. economy itself dates about the time of the 2001 inauguration of President George W. Bush, Jr. Although George W. Bush, Junior's Administration's policies have aggravated the problem in the extreme, there are no solutions for the threatened sudden, and very deep collapse of the economy, which do not depend upon recognizing that those mistakes in policy and popular opinion which have caused this crisis, have been chiefly the policies which have been supported, or tolerated by our government, and by the majority of the nation, until a recent time.

To convince the population to recognize the actual remedies for today's onrushing deep depression, we must identify those causes as the policies which the majority of popular opinion has considered acceptable, or even demanded, for more than a generation. Until popular opinion is willing to take the blame for its own mistakes of no less than three decades, no solution for the presently onrushing breakdown crisis of the world economy would be possible.

Presently, we hear a growing number of proposals for fixing today's dying U.S. economy. These proposals include some useful observations, but all proposals for merely "fixing" this or that problem within the U.S., or European economies piece by piece, will fail, and that immediately, and that in an awful way. Suggestions of that kind will fail, almost

inevitably, because of what they do not say: *You can not heal what you have killed; you can not fix what you have already destroyed.*

So, we must replace the present policies of our government, substituting new policies which are consistent in principle with those which gave us the once excellent economy of more than a generation ago: an economy which the U.S. itself has willfully destroyed since the first inauguration of President Richard M. Nixon. We, as a nation, have destroyed our own economy, by adopting and implementing, or merely tolerating policy-changes which experience has now shown to have been lunacy. These are lunacies which have reigned like obsessions, increasingly, over our economy, and over the policy-shaping trends of our government and leading political parties, for about thirty-five years: in other words, since approximately the aftermath of the death of former President Dwight Eisenhower, and the beginning of that Richard M. Nixon Administration which was run and ruined by the likes of George Pratt Shultz and his crony, Henry A. Kissinger.

Therefore, forget about attempting to talk the garbage into reforming itself; remove it. Replace the foolish laws and misguided majority of popular opinion which, over more than thirty years, have combined their efforts to create what has now become today's mortal threat to the existence of our republic.

To begin, today, our economy faces a similar, but far, far more serious problem than that which had been bequeathed to incoming President Franklin Roosevelt as the ruinous legacy of the Coolidge and Hoover administrations. Under Roosevelt, reconstruction of what emerged by Spring 1945 as the most powerful economy the world had ever seen, our U.S. economy of Roosevelt's last years, was built by salvaging the foundations of agricultural and industrial power which were temporarily ruined, but still standing in March 1933. The



*“For most parts of the United States, the great productive economy which we had, still, had thirty-five years ago, is long gone,” LaRouche writes. Left: Detroit’s famed Ford River Rouge auto production complex, during better times.*

*Right: A closed Ford River Rouge plant in 2003. Where have those skilled and semi-skilled workers gone?*



difference today, is that we have spent more than three decades, since the beginning of the Nixon Administration, in uprooting the greatest part of that great agro-industrial power and infrastructure which had been still standing when Nixon entered office. In large part, many of the elements of a potential U.S. economic recovery which existed thirty-five years ago, no longer exist to be fixed today.

So, today, we face a new challenge for reconstruction of our presently dying economy. The situation which Franklin Roosevelt addressed with great relative success, was less severe than that which faces us as the ruined state of our national economy today. The underlying principles expressed by Franklin Roosevelt’s successes remain the same; but, radically new kinds of problems must be recognized and taken into account in crafting our designs for a general recovery. [See *endnote*.]

During most of the years since the beginning of 1969, we have been told, and told, and told, over three decades, that our economy has been growing, has been more and more prosperous. The evidence today is, that all those official and other published stories of growth and recovery have been lies; we have big government lies on this account from our government and

Federal Reserve System today than ever before.

Look about us, county by county across the U.S.A. Remember the farms, the infrastructure, the industries, the health-care standards, and so forth, which could be found, about thirty years ago, as a per-capita, per-square-kilometer standard of reference in the conditions of each county. Pull out the photographs taken in most of the great wealth-producing counties of the former agro-industrial regions of our nation thirty-odd and more years ago. Then, holding those pictures before your eyes, see the same locations today.

For most parts of the U.S., the great productive economy which we had, still, thirty-five years ago, is long gone, especially since the mania of deregulation and monetarism under 1977-1981 National Security Advisor Zbigniew Brzezinski. [See **Figures 1-12**.] Thus, while half the currently reported financial wealth of the population is concentrated among what has become increasingly a hopelessly debt-ridden upper twenty percentile of our family households, the conditions of life of the lower eighty percentile has been consistently down, down, down since about 1977. Our industries are gone, or vanishing, and their productive employment with it. Private pensions is a category which has now almost gone out of

existence for the lower eighty percentile of our population, while poor foolish, and ever-lying sadist and Federal Reserve System stooge, President Dubya, tries to sell to what he must hope are the dumb suckers, more of that same doomed paper today.

Simply said, the official reports of the progress of the U.S. economy have been faked, that ever more wildly, over the entirety of the recent three or more decades, as under the succession of Federal Reserve Chairmen Paul A. Volcker and Alan Greenspan.

So far, today's strongest popular political reaction to this decades-long pattern of national economic suicide has come to the surface around the fight to defend Social Security and health-care against the rapacity of Augusto Pinochet's former crony George Pratt Shultz, and Shultz's puppets, such as the George W. Bush, Jr. Administration and that pot-bellied relic of the stone age, the California "Governator," Arnold "Conan" Schwarzenegger.

Now, a titanic change is in the making for the very, very near future. The onrushing collapse of the section of the economy typified by the General Motors complex, when combined with the acute over-ripeness for bust-out of the monstrously speculative U.S.A. and United Kingdom mortgage-bubble markets, produces an effect which intersects the biggest international "Ponzi Scheme" in modern world history, the vast bubble in financial speculation conducted by those super-vast, predatory financier interests whose principal investments are now intended to steal control of the future petroleum and other raw-materials supplies of the entire planet. That is the same bubble of giant financial hoaxes being expressed as the soaring prices in the housing and fuel markets of the present moment.

The precondition for preventing the onrushing chain-reaction collapse of the physical economy of the world from occurring, is to recognize that the present world monetary-financial system itself, the IMF system in its present form, is doomed to an early general collapse. That IMF system itself can not be saved; whatever happens to our economy, for better or worse today, the way the U.S. and international economy has developed since the mid-1960s, is something which will never recover, as that form of economy, or anything like it, within several lifetimes yet to come. If we do not replace the present, implicitly bankrupt system and its policies, by a system based on the same principles used to create the national recovery organized under President Franklin Roosevelt's administration, there is no future worth mentioning for your community or your family—during the decades yet to come.

In the meantime, today, George Pratt Shultz's close association with the forces behind the neo-Nazi, death-squad-linked, Augusto Pinochet of the 1970s and 1980s, is an image of the kind of thinking which the accelerating present world financial crisis prompts in circles typified by Shultz still today: replacement, on a global scale, of democratic forms of self-

government by dictatorships echoing the Mussolini, Hitler, Franco, and Pinochet models of earlier times.

Those policies of Shultz, et al., policies such as the desperate effort of President George Bush, Jr. to loot Social Security, reflect the same thinking around today's U.S. Federal Reserve System which Bank of England asset Hjalmar Schacht represented in bringing Adolf Hitler into power in 1933 Germany. We are therefore in a race, to return to the kind of policies, under President Franklin Roosevelt, which enabled the U.S. not only to escape the fate of Nazi rule in continental Europe, but to defeat a Nazi power which was on the verge of establishing an empire over the world.

Tough language? Yes; but, among those who know the facts, only wishful dreamers and whimpering cowards would choose any different language than I have employed here.

### **Using Resources Which No Longer Exist**

You will be told by people who have yet to learn their lessons of experience, that there are clearly available resources which could be mobilized to allow us to fix this or that problem without any more radical change in the present economic system than that. Some of those reports may seem to be almost factually true, on condition that you deceive yourself by limiting your attention to some very narrowly defined parts of our overall national economic crisis. But, they are also as misleading as outright lies would be; they are instances of statistical fraud, intended or not, fraud crafted by fallacy of composition.

The problem is, that if we take all of the interdependent problem-areas, such as providing adequate health-care facilities for an emergency, the conflicting demands to be made can not be met, simply because many different proposed solutions are relying upon resources for their program which would have to be taken away from the shrinking mass of resources currently existing among each of a dozen or more, worthy but competing areas of national emergency problems. The illusion that we could fix each of our problems without overturning the present system, is what we used to call a "blind men and the elephant" problem, a fallacy of composition; the fellow who proposes to fix the one problem is overlooking a dozen or more equally deadly problems which are each and all counting upon drawing down the same resources which vitally needed solutions in the other areas would require.

For example, as many well-advised people, in or out of government, would warn you, passing a law which guarantees the citizen's right to access to health care, will make him find himself in the kind of disaster which many Canadians face under that nation's much-praised, present health-care policy. The right to health care may exist on the statute books, by law; but the means to deliver that health care to all who need it simply do not exist, physically, in all of the most crucial categories. As Queen Marie Antoinette is reported to have said of the poor of that time, "Let them eat cake." The same would have to be said about any similar, legislated, but un-



*The shutdown of the U.S. steel industry is the hallmark of the “globalization” era. Left: The Bethlehem Steel blast furnace at Sparrows Point, near Baltimore, in the 1970s.*



*Right: A closed portion of the Sparrows Point complex in 1983.*

funded “universal health-care plan” coming out of the U.S. Congress today.

What we require, in the area of health care, for example, is a Hill-Burton-law-modelled policy of building up the health-care capacity to levels adequate to provide the care the wishful ideologues in Congress and elsewhere might propose to guarantee. The effective denial of needed health care to returning U.S. military veterans of Iraq, is typical of the fraud rampant under the current Bush Administration. Morally, you can not legislate the existence of a promised delivery of services, if the capacity to deliver those services as promptly as implied do not exist, and if you fail to provide for the creation of the capacity to perform as the law is read as promising. Government must not allow it to be said, that it has promised something, by stated policy, which, by the currently common sophistry of practiced policy, it refuses to provide.

What is presently true of the health-care system which has been savaged by the Nixon Administration’s repeal of the Hill-Burton law, is also true in nearly every area of economic concern in the U.S.A. today. We have a prevalent policy which says, liberally, on the one hand, “Promise them anything, but give them Arpège,” and, on the other hand, we have the right-wing cannibals of the Congress who would solve

that problem with a policy of, “We must stop giving them Arpège.”

You can not provide safe water without rebuilding our nation’s water-management system up to standards of the pre-Nixon, pre-Brzezinski era. Without a major national infrastructure-rebuilding program, which must be funded largely through long-term government-created credit at permanently low interest-rates, this U.S. economy would never recover from the presently onrushing catastrophe.

For example, this means vast investments in generation and distribution of power under very high energy-flux densities at the point of generation. This means a shift out of today’s lemming-like run into vast over-emphasis on highway transport, back to the technologically modern frontier levels of safe, high-speed transport of passengers and freight by rail and kindred means. This means, a shift out of petroleum-fueled highway vehicles and local energy supplies, into the general use of hydrogen-based fuels, fuels chiefly produced within regions, as byproducts of high-temperature-reactor, re-regulated, state-wide power systems.

This means radical changes in national educational policy, toward emphasis on universal excellence, away from recent trends and national statutes attuned toward President

Bush's passion for dumbed-down school systems, systems designed for an educational program which leaves most graduates far behind the curve of both even simple literacy, as also of modern science and technology.

It means that a reborn U.S.A., and Europe, too, must cease to be an unproductive parasite sucking on the globalized produce of the world's desperately poor peoples, and, instead, serve as a fountain of scientific and technological progress which a revival of our once leading cultural development will enable us to deliver to nations which desire fulfillment of their right to access to the same technological progress.

We must adopt, thus, a mission of supplying the stimulus and assistance needed to uplift the general population of this planet from that planet's swamp-like regions of poverty, disease, and ignorance. These are the economically depraved conditions which we, through the policies insisted upon by financially powerful policy-influencing circles of the U.S.A. and Europe, have promoted, and strictly enforced over a period of about a half a century, in regions such as Asia. The U.S. and other influential agencies have demanded, that these Asian nations must abandon crucially essential, large infrastructural and other technological progress for the often virtually slave-labor kinds of employment opportunities which visiting tourists might wish to enjoy at seaside and kindred hotels and entertainment complexes where they are waited upon by the miserably poor.<sup>1</sup>

These and related foundations of general economic recovery are not matters of existing things which need to be fixed. They represent our vital interest in creating what, unfortunately, presently does not exist to be fixed.

## 1. The Rebirth of the U.S. Economic System

There is no way in which there could be a survival of the U.S. as a republic, under a continuation of President George W. Bush's combination of tax-free rides for the rich, combined with savage budgetary austerity against absolutely necessary programs for U.S. economic survival, and combined with the lunatic utopians' U.S. defense strategies seen as part of Bush's foreign policies and strategies. To bring the U.S. national economy above budgetary breakeven levels, without massive, capital expenditures, would be impossible. The only remedy is to use U.S. government-created long-term credit, a process of credit-creation which will require the immediate introduction of a number of the perfectly feasible measures which the present Bush Administration and Federal Reserve System have forbidden. These indispensable actions, like the

1. The case of two projects for Southeast Asia are relevant, the Kra Canal and the Mekong development program, as is the case of the suppression of Secretary of State William P. Rogers' development program for Southwest Asia.



*President Bush at the U.S. Treasury Agency's Bureau of Public Debt in Parkersburg, West Virginia, on April 5, in a grand-standing tour for Social Security privatization. The file cabinet holds the \$1.7 trillion in Treasury securities that make up the Social Security trust fund. Bush proclaimed that there were no "real assets" there. "There is no trust fund. Just IOUs that I saw firsthand."*

recovery measures under President Franklin Roosevelt earlier, go against everything which the Coolidge, Hoover, and Bush Administrations have represented. They go against everything for which the present Federal Reserve System, the present International Monetary Fund, and the present World Bank stand.

Are you going to continue to tolerate those Bush and Federal Reserve dictates, or, do you prefer that our republic shall outlive the presently onrushing, world-wide, general monetary-financial collapse?

Do not waste your own time, or your neighbor's, arguing that there is any way that the U.S. economy can continue to exist under a continuation of presently operating national and international monetary-financial policies. The entire system is now on the brink of a general breakdown crisis from which it could never recover in anything resembling its current form. Time has run out for debating that issue. The greatest world-wide financial crash in modern history is hanging, like rotten-ripe fruit, ready to drop from the tree at any moment, sooner or not much later. Either prepare to make the kind of changes which memory of President Franklin Roosevelt suggests, or

be prepared to experience the virtual economic death of our own and many other nations, very soon.

For the moment, at least, you still do have the freedom for making that very specific kind of choice. That is about as much democracy as the inescapable reality of the present situation has not already taken away from you.

Do not blame me for delivering what some of you might regard as an ultimatum. Nature itself is now hastening on the way to deliver that ultimatum to you personally. It is, in fact, what you, by your stubborn negligence, by the way you voted, or the way you did not vote, have finally delivered to your own doorstep. As might be said of Iraq today, it is President Bush's and your own "Appointment in Samarra." What I propose as an alternative, is the only option left available to those who would prefer to survive. Sometimes, life is like that. Science is always like that. At some points in time, the fate of empires, and of entire nations such as our own, is like that.

I outline the needed remedies for our situation, step by step, as follows. I explain this in a way needed to make the explanation as easily understood as possible without leaving out anything essential.

## What We Must Do

The Federal, state, county, and local governments of the territory of the U.S.A. have a vast accumulation of worthy projects in major maintenance and building of basic economic infrastructure. Many among these are authorized for expenditure as soon as funding is brought forward. The implementation of a sizeable portion of these hundreds of billions of dollars' worth of large accumulation of absolutely necessary and worthy public or private U.S. domestic investments in basic economic infrastructure, would be sufficient to bring the current level of net national income far enough above national breakeven-point, to allow us to bring the presently onrushing monetary-financial crisis of the U.S.A. under control.

The biggest physical obstacle to such recovery measures is the shortage of organized skills and sources of supply to fulfil a sufficient number of such assignments to accomplish the immediately intended result. There is the additional problem, that we must choose a combination of such options which do not conflict fatally with one another in their competition for our scarce present resources. For example, a large chunk of these programs involves the participation of the U.S. Corps of Engineers. We have, presently, a generation's worth of waiting work to be done with participation by the Corps, beginning right now, but there are presently limited resources for that effort.

For example, one of the largest components of our national productive capacity, both for the so-called private and public sectors, is concentrated in the machine-tool-centered capacity of our current aerospace and auto industry. At a time when it would be futile to attempt to maintain current levels

of sales of new automobiles, we must think in terms of keeping the high-technology aspect of those industries fully operating, by diversifying the work-load to include urgently needed national programs in infrastructure, such as a new, urgently needed, national railway grid for passengers and freight, as a shift from the threatened early physical breakdown caused by post-World War II overemphasis on highway transportation.

The general objective of initial, stop-gap adjustments of that type, is to concentrate on mobilizing useful programs which are intended to preserve and strengthen the vital high-technology end of our national productive capacity, by mobilizing what are presently threatened with becoming lost productive resources, while we still have the option of keeping those vital capacities alive.

Thus, although the presently skyrocketing petroleum price is not a reflection of current shortages in petroleum supplies, but, rather, a reflection of wild-eyed speculation in monopolistic efforts to buy up the world's future petroleum stocks, we must begin to shift out of excessive dependency on combustion of petroleum products as a source of power for our nation, and the world at large. At the same time, the highway congestion and related logistical problems of our excessively highway-dependent national economy, require a marginally very large and rapid shift into mass-transport of goods and people, and a shift toward regionally produced hydrogen-based fuels to replace today's relative dependency on consumption of petroleum and natural gas as fuels.

There are also other major objectives to be served by such a reform, but what I have just said gives you the gist of the matter.

Similarly, we have a major water-management crisis, requiring immediate restoration of collapsing systems which use waterways and reservoirs for essential purposes of transportation, production, and human consumption.

We need, immediately, large-scale programs of development of basic economic infrastructure which combine the utilization and expansion of cadres of highly skilled operatives and technologies, but which also absorb large numbers of otherwise unemployed semi-skilled and unskilled labor as an integral part of the same programs. The maintenance and expansion of the ranks of the highly skilled production operative, and the upgrading of the unskilled and less skilled through the same programs which are led by the most skilled, strikes the balance needed for large-scale expansion of productive, rather than services employment, on which the initial phase of a recovery-effort must be premised.

Among the most urgent tasks to be taken on right now, is to put together a consolidated list of all of the relevant productive resources available and investments ready to be made. We must now determine how this combination of possibilities could be put together as a general emergency recovery program for the nation as a whole.

To conduct such a program requires a very large amount of long-term credit at basic rates of about 2% simple-interest



*“Lessons learned under President Franklin Roosevelt, from the 1930s recovery-process and the war-time age of the legendary ‘Rosie the Riveter,’ come into play in relevant modes of policy-shaping” for a national recovery program. Here, women in defense production, 1943.*

per annum over periods of about a quarter-century. This requires a return to a fixed-exchange-rate form of international monetary system, otherwise no general recovery would be possible. Lessons learned under President Franklin Roosevelt, from the 1930s recovery-process and the war-time age of the legendary “Rosie the Riveter,” come into play in relevant modes of policy-shaping.

There are tricky features to this kind of effort, especially as a matter of the need to coordinate the physical implications of a national effort along those lines. However, the principle of the business is broadly as I have just summarily described it.

### **1.1 How To Deal With the Monetary Crisis**

Now we come to the really sticky part, the part about handling the world’s existing financial-monetary system. This brings us to a crucial matter in principles of international and constitutional law.

The world is presently dominated by the floating exchange-rate form of present monetary-financial system, the present International Monetary Fund (IMF) system. This system, is, in fact, presently bankrupt, hopelessly bankrupt in its present form. It is kept alive, in the sense of a life-support system, chiefly, by a skyrocketing mass of sheer financial-derivatives and other fraud, including the forms of Enron-like, or comparable practices addressed by the New York State prosecutors.

Typical of the principal means being used currently to

postpone the general financial collapse for just another few steps ahead, are the flow of funds now being diverted to support needed for the British and U.S. mortgage bubbles. Typical of the onrushing disasters are the continuing efforts of President George Bush to carry out the mission assigned to him by the Federal Reserve System, to loot the U.S. Social Security system, and that gigantic effort to grab future control over all of the world’s principal mineral resources which is reflected in such forms as the present petroleum-price bubble.

This monetary-financial system is the greatest single obstacle to organizing a recovery from the presently onrushing financial crash. If that obstacle is not overcome very soon, the world as a whole is already on the brink of a planetary new dark age. Any recovery of the presently collapsing U.S. national economy depends upon immediate, and extensive reforms of that monetary-financial system.

This IMF system is, organically, what is best described in the language of biology as a kind of financial-monetary slime-mold. It is a mass of individual monetary-financial systems which, as in the comparable case of a slime-mold, is composed of individuals, and is yet a single form of existence which controls the fate of all those apparent, participating individualities of which the system as a whole is apparently composed. To understand some of the most essential, controlling features of that system, you must study the image of the life-cyclical behavior of a biological slime-mold, and apply those lessons from the domain of biology to the present form of the IMF system as a whole.

The principal apparent elements of which that monetary slime-mold is composed, are so-called “independent central banking systems,” of which the present form of the U.S. Federal Reserve System itself is one rather special sort of variety. In fact, more emphatically in western and central Europe than the U.S.A. itself, these so-called “independent” systems are independent chiefly in the sense that they, as a type of rogue privateer, control governments, rather than the relevant governments controlling them by proper principles of law. In fact, these systems are corporate instruments for common control, by the international system as a whole, a control, by private interests, exerted over national monetary-financial systems. These systems are controlled by syndicates which are composed of a concert of the members of a private club, a private financiers’ oligarchy. This is the essential characteristic of the present, floating-exchange-rate form of IMF system.<sup>2</sup>

Therefore, at the same time that a private financiers’ oligarchy might be identified with a particular nation, it also functions as an inseparable part of an international entity. This entity, is a kind of financial slime-mold. It presents itself to analysis as in the likeness of a international, planetary slime-mold. Hence, the remarkable similarity of the IMF system as a whole to the metamorphical life-cycle of a global biological slime-mold, the great blob which is currently eating nations and their people.

To understand how to deal with the crisis caused by the world’s present form of monetary-financial system, we must understand that the private aspect of that slime-mold was not originally a product of modern civilization. It is a modern continuation of a feudal species of parasite, a continuation of the very same slime-mold which controlled the European medieval world under the reign of a symbiosis between the financier-oligarchy of Venice and its military ally and instrument, the Norman chivalry. This medieval system was known as the “ultramontane” system, under which national governments of that time, to the extent these were permitted to exist as kingdoms or the like, were under the domination of a greater power, a form of world government, an empire, or as we say today, “globalization.” This was the arrangement which was enforced by the use of its chiefly military arm, the Norman Crusaders, the Norman social formation as typified by the House of Anjou or the Habsburg dynasty later.<sup>3</sup>

2. This arrangement may be compared to the form of legalized piracy practiced, as “privateering,” under the legal pretext of “letters of marque.” In the present case, under a practice in keeping with the same Lockean doctrine of “property” (“shareholder value”) used to hold Africans in slavery, the IMF system issues the equivalent of “letters of marque” to private financier syndicates which swoop in, since the 1971-1972 break-up of the Bretton Woods system at the Azores conference, to loot the targetted nation.

3. During the medieval period, the doctrine of law used to maintain the Venetian-Norman system was the purely fraudulent dogma of “The Donation of Constantine.” This was the entirely fraudulent assertion, that the Emperor Constantine had donated the power to rule over the western part of the Roman Empire to the Pope. The Crusades, beginning with the Albigensian Crusade and Norman Conquest of England, were the beginning of that medieval system, which ruled Europe, largely through the conduct of Crusades, until

That medieval system had crashed in what is known to historians as Europe’s “Little Dark Age,” or “New Dark Age” of the Fourteenth Century. That system collapsed then for internal reasons which are genetically similar to the causes for the presently onrushing collapse of the present, floating-exchange-rate form of world monetary-financial system. The famous case of the Venetian House of Bardi and its thieving picaresque agents, nicknamed “Biche” and “Mouche,” were figures comparable to the powerful financier groups and their Enron-like bandits of today.

This crash of the financial system led by the House of Bardi, created the situation in which the forces committed to founding true sovereign nation-states, seized this opportunity to establish modern European civilization, and modern history. This change occurred through a process centered in the mid-Fifteenth-Century, great ecumenical Council of Florence, in which the design of the modern nation-state, such as Louis XI’s France and Henry VII’s England, temporarily superseded the feudal form of political organization. This occurred as the policy of Cardinal Nicholas of Cusa’s *Concordantia Catholica* and *De Docta Ignorantia*, which incorporated, but also superseded the intention of such works of Dante Alighieri as the latter’s anti-ultramontane *De Monarchia*. This was the birth of modern European history out of the evils of feudalism.

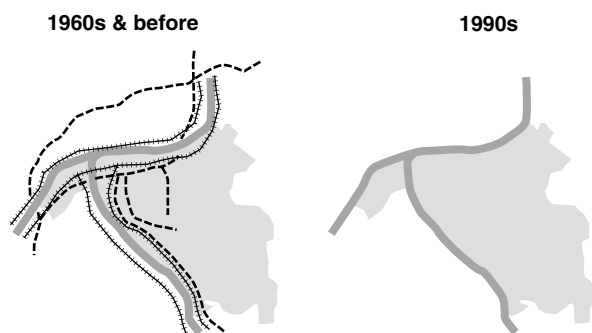
Unfortunately for us still today, the resurgent power of the same Venetian financier oligarchy which had dominated the medieval world of the Crusades, was able to regain much of its former power through the radiating, disruptive impact of the Ottoman conquest of Constantinople.

The efforts of the Venetian slime-mold system to eradicate the institution of the modern sovereign form of nation-state republic, following the fall of Constantinople, were expressed by the religious warfare which dominated and ruined Europe from the 1492 expulsion of the Jews from Spain until the 1648 Treaty of Westphalia. Since that time, to the present, European civilization as a whole has been dominated by a conflict between two principal forces within European culture as a whole: the sovereign nation-state, as typified by Louis XI’s France and Henry VII’s England, and also by the Declaration of Independence and Federal Constitution of the U.S.A., versus the modern continuation of the Venetian financier-oligarchy’s model of an empire, as the latter is typified today by the global financier hegemony of the Anglo-

the aftermath of the Fourteenth-Century “Little Dark Age.” The actual authority was not the Pope, but the Venetian financier oligarchy and its Norman partners. Under this doctrine only the Emperor could make law, whereas kings and other lesser potentates ruled and made local rules only by the consent of the agency acting in the capacity of the Emperor. The fraud of the “Donation of Constantine” was exposed as a fraud during the proceedings of the Fifteenth-Century great ecumenical Council of Florence. The alternate concept of *Concordantia Catholica* defined the principle of law under which truly sovereign nation-states such as Louis XI’s France and Henry VII’s England were constituted as the first true nation-states. That Council of Florence was the dividing line between medieval and modern European history.

FIGURE 1

### Then and Now: Public Transit, McKeesport, Pennsylvania



Dutch Liberal system as typified by the 1763 establishment of an empire-in-fact of the British (e.g., Anglo-Dutch) East India Company.

Since the aftermath of the referenced February 1763 Treaty of Paris, the global history of modern European civilization has been dominated by a persisting controversy between two opposing political systems. On the one side, there has been what is represented by the founding of the U.S.A. as a Federal Constitutional republic. On the other side, we have the revived form of political systems controlled by the financier oligarchy which is, today, an oligarchy which is still an outgrowth of the same slime-mold-modelled Venetian financier-oligarchy.

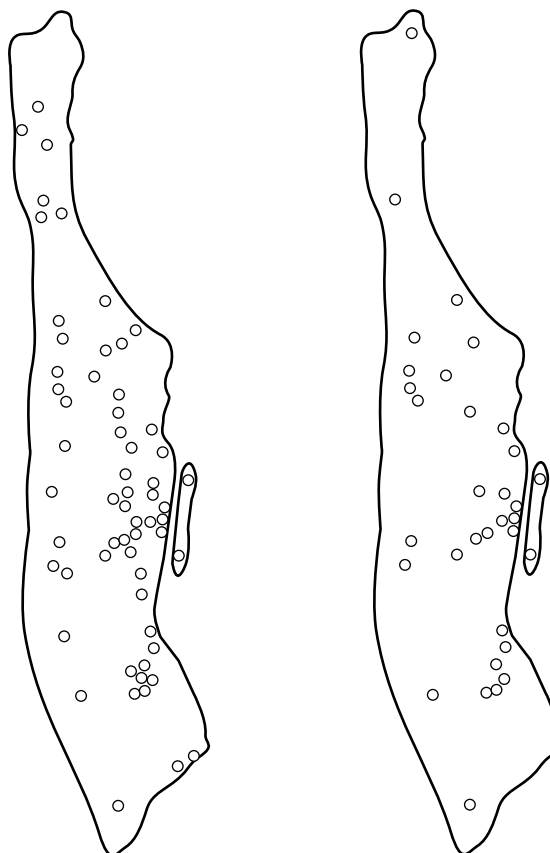
However, the long wave of erosion and decline of Venice's and, later, of its Habsburg client's state power, a decline which continued over the course of the 1648-1848 interval, resulted in the Venetian financier oligarchy's relegation to the ostensibly more limited role within the development of a new form of that same financier slime-mold, the Anglo-Dutch Liberal model of intended world government. The latter form of financier-oligarchical government, emerged as what became the leading power over Europe with what I have already referenced, the February 1763 Treaty of Paris, the treaty which established the British East India Company of Lord Shelburne et al. as a de facto empire.

The combination of the French Revolution, which, contrary to French popular myths, was orchestrated by forces coordinated from Shelburne's London, and the Napoleonic Wars, defined a period of history which ended only with U.S. President Lincoln's victory and the expulsion of the French forces under British Lord Palmerston's Napoleon III from Mexico. The influence of the 1863-1876 consolidation of the intended goal of the U.S.A. as a leading, transcontinental form of sovereign economic power, created a situation of global conflict between the Liberal and American systems.

The 1863-1876 emergence of the U.S.A. as a leading

FIGURE 2

### Then and Now: Hospitals in Manhattan, New York, 1960 and 1994

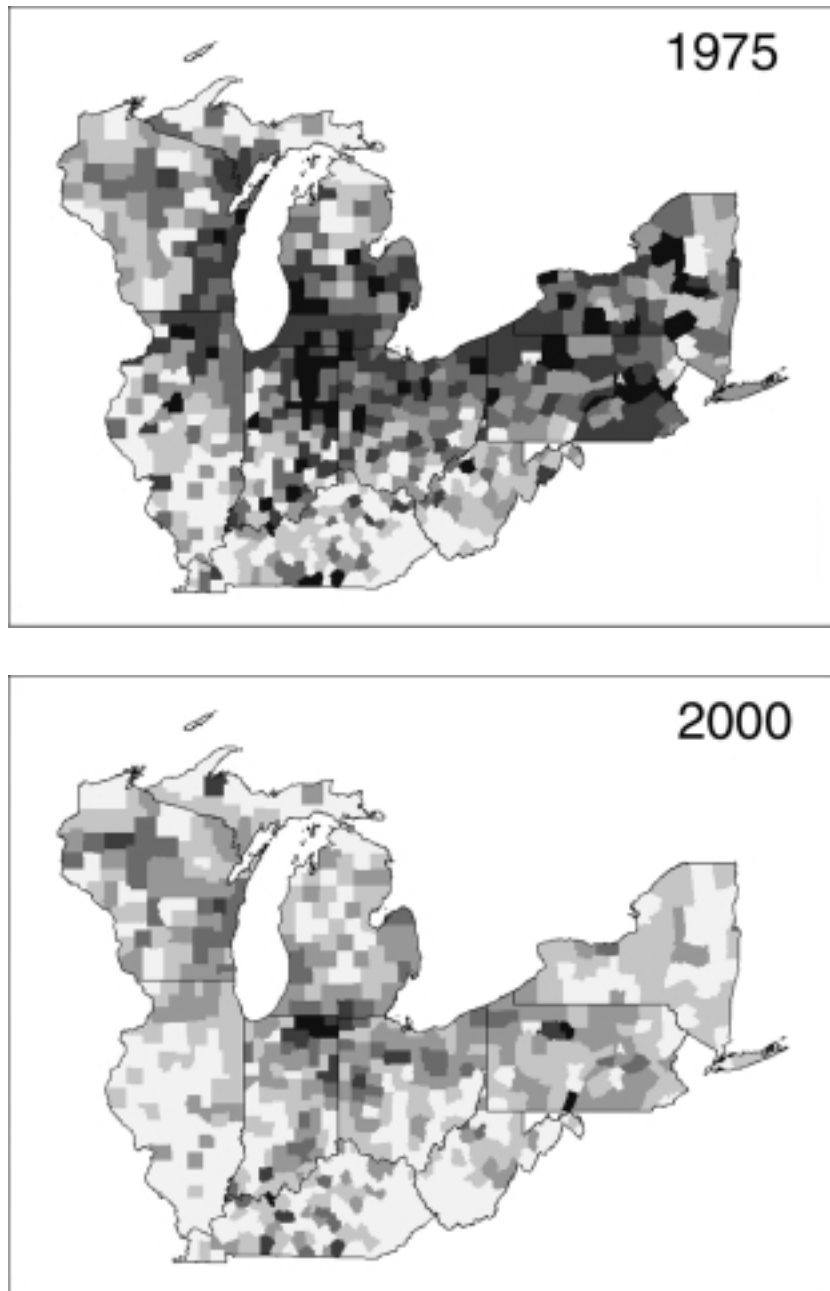


agro-industrial power of the world, provoked the adoption of essential features of the American System of political-economy as the basis for the great, late 1870s economic reforms, modelled upon the successes of the American System, undertaken by Bismarck in Germany, in Japan, in Mendeleyev's Russia, and elsewhere. As in Germany and Japan, these great economic reforms were made in personal coordination with the man who was Abraham Lincoln's associate, and the greatest economist of that century, Henry C. Carey. This rise in the power of a group of leading nations in Eurasia, as pro-American rivals of the British Empire, prompted the circles around the Prince of Wales, later King Edward VII, to set his nephews, the German Kaiser and Russian Czar, into preparing war against one another, with what the imperial policy of Edward and his Liberal Imperialist Fabian Society thus bequeathed to Europe as World Wars I and II.

Plotting to create such wars on the continent of Eurasia had not been new to the British Empire. It was the Anglo-Dutch Liberals' orchestration of the so-called Seven Years'

FIGURE 3

### U.S. Industrial Belt, Decline in Manufacturing Workers as Percent of Workforce, by County, 1975-2000



Source: Bureau of Labor Statistics. Map produced by MapInfo.

*Darker tones show greater percentages of manufacturing workers.*

War against Britain's intended pawn, Frederick the Great's Prussia, which had so weakened the nations of continental Europe that the British East India Company was able to establish virtual imperial power at the February 1763 Treaty of Paris.



This setting, in the aftermath of the U.S.A.'s power and influence as a great nation, thus defined the strategic setting of conflict for the consequent two World Wars of the Twentieth Century. These have been wars erupting from within what has been established, as the present parliamentary systems of wars-ruined western and central Europe, as the dominant form of national government there still today. That conflict persists to the present day, in the form of virtual warfare, by allied forces of Anglo-Dutch Liberalism from within and outside the U.S.A., against the American System under our Federal Constitution. This, as former Secretary of State Henry A. Kissinger explained to his London audience of May 1982,<sup>4</sup> was the way in which British Liberal circles in Britain used its agents inside the U.S.A., such as the circle around George Pratt Shultz in the Nixon Administration, or Brzezinski as Kissinger's successor later, to orchestrate our national policies and international affairs in such a way as to prompt us to destroy that great economic power we had acquired through the reforms under President Franklin Roosevelt.

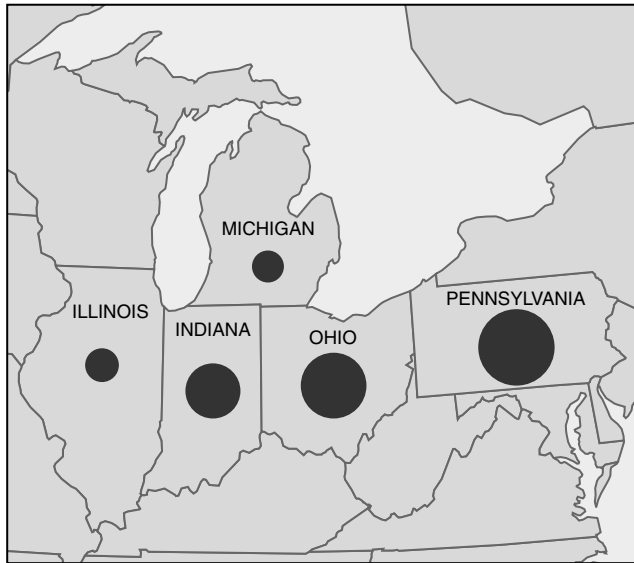
Meanwhile, despite the efforts to establish a true Presidential republic on the continent of Europe, as, for example, under President Charles de Gaulle of France, the European parliamentary system is essentially one in which the financier-oligarchical slime-mold continues the pattern of the British Eighteenth-Century model of a political system under the

4. Henry A. Kissinger, "Reflections on a Partnership: British and American Attitudes to Postwar Foreign Policy, Address in Commemoration of the Bicentenary of the Office of Foreign Secretary," May 10, 1982, Royal Institute of International Affairs (Chatham House), London. The full text is in *EIR*, Jan. 11, 2002.

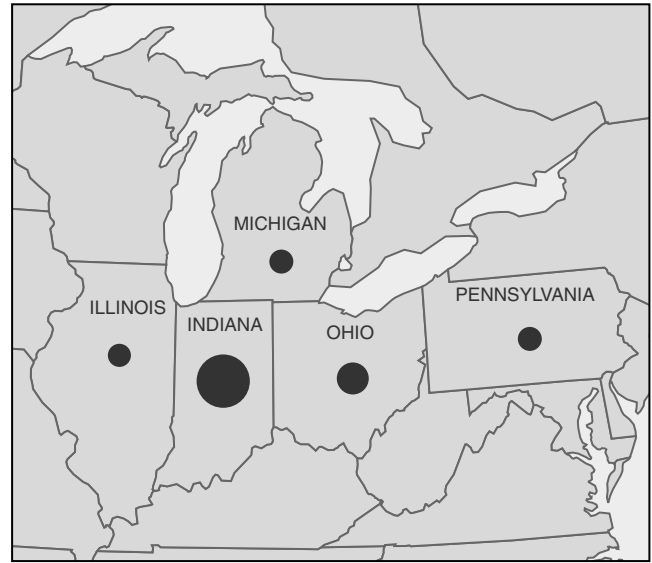
FIGURE 4

## Decline of Annual Raw Steel Output in the Five Top Steel-Producing States, 1973-2003

1973



2003



Source: U.S. Geological Survey.

*These maps show the relative decline in output of raw steel tonnage in Illinois, Indiana, Michigan, Ohio, and Pennsylvania, the top five steel-producing states, shown by the shrinkage of the circles from 1973 to 2003.*

effective control of a philosophically Liberal form of central banking system, a Liberal system which is in fact a creature in the feudal slime-mold tradition.

The struggle to maintain a national banking system in the U.S.A., has been a reflection of the struggle to defend our constitutional system from the overreaching control of the international financier-oligarchical slime-mold which has been far more powerful, globally, than our republic, during most of the past two centuries.

This history summarizes the most essential parts of what it is indispensable to know about the problem which is presented to us by the presently onrushing collapse of the present form of what is essentially a Venetian model of slime-mold system.

Therefore, in times of great crisis, the instinct of all knowledgeable U.S. patriots is to assert the principle of the sovereign nation-state, as expressed by our Declaration of Independence and Federal Constitution: that we must not tolerate any authority in law on this planet higher than the principle of the sovereign nation-state republic. The consequence of that essential principle of our republic, is the principle of national banking, as opposed to the so-called “independent” central banking systems which have, once again, ruled and ruined the world since about the time of the inauguration of our President Richard M. Nixon.

Therefore, throughout all of our national history to date,

our combined domestic and foreign policy on matters of economy in general, and trade and finance in particular, such as that expressed by Treasury Secretary Hamilton, has been crafted in recognition that our constitutional system of government, which is based naturally on the principles of national banking, was obliged to operate, most of that time, within the bounds of that alien reality of what had long been the greater combined power of that Venetian-style international financier oligarchy which dominated Europe.

### The Lesson From the Soviet Conflict

The experience of the long, nuclear-armed state of post-FDR conflict between our U.S.A. and the Soviet Union contains a lesson which must be learned and applied to the present situation. This pattern of our republic’s conflict, as a combined symbiosis and conflict with European Eighteenth- and Nineteenth-Century Liberalism systems, was extended to our relationship with the Soviet Union. The Soviet Union no longer exists, but a brief look at the problem it represented for U.S. foreign policy helps us to define the principled approach in law which must be taken to deal with the slime-mold problem outlined above.

The most essential background to be considered in studying U.S. relations with the Soviet Union, is the following.

Karl Marx had been absorbed, from his days as a student in Berlin, as a British asset of the Giuseppe Mazzini “Young

Europe” complex organized and controlled by Britain’s Lord Palmerston. Young Europe recruit Marx, had been subsequently indoctrinated by the British East India Company’s Haileybury School in the merely mythical “scientific authority” of wretches such as Physiocrat François Quesnay and the Haileybury School’s Adam Smith, Jeremy Bentham, and David Ricardo. Although Marx was something of a genius in working critically within the bounds of the system of British political-economy, the system itself was, unfortunately for him, incompetent. This corruption in his education had relevant consequences for Marx’s own economic and social theory.

This British Foreign Office control over Marx’s miseducation in economics, under the direction of the British Foreign Office’s Urquhart and by Marx’s sometime controller Frederick Engels, led to the Marxists’ adoption of such pathological doctrines as the “official Marxist” Twentieth-Century myth of Imperialism. The latter doctrine of “orthodox Marxism” attributed the phenomena of imperialism to industrial capital, rather than, as the more intelligent Rosa Luxemburg and our own State Department veteran Herbert Feis have recognized, international loan operations by the Anglo-Dutch Liberal form of the traditional Venetian financier-oligarchy.<sup>5</sup>

The relevant point, bearing on U.S.A.-Soviet diplomacy, of this background on Marx’s personal history, is the following.

Under the influence of Britain’s Frederick Engels’ Thomas Huxley-like doctrine of the “horny hand of labor,” the “official Marxist” doctrine became the radically reductionist assumption, that the economic progress of modern industrial nation-states’ economic power, was a virtually biological epiphenomenon of the working-class, rather than being an expression of fundamental scientific progress generated through a relevant form of an “intelligentsia” expressing those natural creative powers for scientific and Classical-cultural forms of discovery of universal principle which distinguish *all* persons from lower forms of life such as the great apes. This result of populist and Marxist ideologies congruent with Frederick Engels’ influence over Karl Marx, became what proved to be ultimately the fatal flaw of a Soviet Union, in which the frontier achievements of Soviet science’s military applications were contrasted with that lugubrious, ideology-driven, bureaucratic dullness which was the crucial factor in the ideologically driven aspects of the collapse of the Soviet civilian sector generally.

5. The degree to which a Karl Marx sponsored by Palmerston’s agent Mazzini was duped by Marx’s British Library controller Urquhart, is typified by the embarrassing book by Marx himself, in which he accused Palmerston of being a Russian agent! Urquhart was, at relevant times, operating within the “British Museum” as the coordinator (“corresponding secretary”) of the far-flung agent-network of Mazzini’s “Young Europe” and the “Young America” which later spawned the Confederate States of America. It was the same Mazzini, Palmerston’s agent, who created “The First International” at a London meeting, where he personally handed the leadership of the new association over to Karl Marx.

Thus, this point of ideological agreement on the principles of philosophical reductionism, between the materialism of the doctrinaire Marxist and the kindred empiricism of the Anglo-Dutch Liberal currents of the world, were reflected in Karl Marx’s own foolish deprecation of the Leibnizian American System of political-economy, as in Engels’ leading role in prompting Marx’s own foolish, uttered depreciations of the American System economists, Hamilton, the Careys, and Friedrich List.

By pragmatic instinct, Lenin, for example, proposed adopting the model of the U.S. economy’s achievements as the technological model to be studied and followed by the young Soviet Union. However, the indicated philosophical differences between the U.S. Declaration of Independence and Constitution, on the one side, and both Liberal and Marxist forms of philosophical reductionism, on the opposing side, were always the chief, recurring obstacle to our efforts to establish durably satisfactory relations between the U.S.A. and the Soviet system. The systemic root of this problem in diplomacy, came from the implications of this reductionist element of ideological coincidence between the Marxists and populists, on the one side, and, on the other, the complementary, pro-British, anti-American element of common roots of otherwise diverging Marxist and British Liberal ideologies.<sup>6</sup>

Marxist theology of that reductionist variety was often a crucial factor in the recurring tendency among socialist systems and political currents, toward endemic preference for the British ideology expressed by fervid U.S. hater Bertrand Russell against the legacy of the U.S. Constitutional tradition, and also even the U.S.A. as such. On this point of ideology, the traditionally fascist element among followers, such as Britain’s fascist G.K. Chesterton, of Franco’s Hispanidad dogma, and Yankee-hating leftists, often converged, or “swapped ideological spit,” as the saying goes.

This was a pivotal, if often less widely understood problem for President Franklin Roosevelt, who was not a socialist, but a Yankee in his family’s Hamiltonian tradition. Roosevelt, in dealing with the rising industrial trade-union movement during the second half of the 1930s, and later, like his wife, had to consider the factor of socialists in the union and related movements, but was no leftist himself. It has continued as a challenge to U.S. foreign policy to the present time. Our contemporaries’ own failure to understand the fallacies underlying this conflict, has often worked against the best interests of our nation, and is a problem which also arises in other disguises in dealing with certain important aspects of our republic’s foreign-policy problems and major blunders in several areas, still today, when the Soviet Union is no more.

6. The case of the powerful influence of Britain’s fiercely anti-American, Cambridge school of systems analysis, as via the Laxenberg, Austria-based International Institute for Applied Systems Analysis, and the related pro-British orientation of the Andropov circles, typify the savagely destructive effects of the influence of British radical-empiricist modes of thought in fostering the self-inflicted aspects of the collapse of the Soviet economy.



*President Reagan announces the Strategic Defense Initiative on March 23, 1983. "Had Andropov merely accepted the offer to discuss the proposal directly, world history would have changed for the better, for all parties concerned, and that immediately."*

The world has entered a phase of its development, as the instance of thermonuclear arsenals merely typifies this, in which the empiricist doctrines of Thomas Hobbes and his like can no longer be tolerated. In today's world situation, the existence of civilization on any part of this planet and the adoption of the principles of the 1648 Treaty of Westphalia become synonymous. Rather than statecraft based on the presumption of peace through negative principles, such as the Bertrand Russell gang's creation of the lunacy of Mutual and Assured (Thermonuclear) Destruction (MAD), there can be no durable form of constructive relations among nations, except on the basis of common positive, rather than merely negative principles.

The most dramatic example of this problem is the case of the foolish Soviet General Secretary Yuri Andropov's reckless rejection of U.S. President Ronald Reagan's public proffer of cooperation in a Strategic Defense Initiative (SDI), an offer which the President had made in a live television address of March 23, 1983. I had been on the inside of the discussion of this with the Soviet government, conducting a back-channel on that President's behalf, and had warned the Soviet government, a month prior to President Reagan's address, that rejection of the President's offer, were he to deliver it, would mean a collapse of the Soviet economy "in about five years." It took six years, rather than my 1983 estimate of approximately five, before the onset of that disintegration of the Comecon which led, rather quickly, into the break-up of the U.S.S.R. itself. Any doubts, still today, of the President's sincerity in making the offer, are simply incompetent, counterproductive babbling.

Had Andropov merely accepted the offer to discuss the proposal directly, world history would have changed for the

better, for all parties concerned, and that immediately. President Reagan's object was simply to secure an agreement by which to efficiently rid the world of nuclear-armed missiles. I shared the President's outlook on that entirely; but I also understood, as did leading military and other circles within both the U.S.A. and western Europe with whom I consulted in our common effort on this account, that the possibility of securing his goal in this matter depended on forcing the world to return to the policies of a science-driver economy in such a way as to change the character of the strategic conflict in a crucial way. From my discussions with them during this period, this point was understood by leading military circles of France, in Germany, and in Italy, among others. By making possible the outflanking of missile-borne thermonuclear barges by an agreed commitment to a "crash program" of qualitatively superior technologies on all sides, we would create a new kind of global balance of power, in which cooperation in scientific-technological progress of economies would be a dominant self-interest of all nations involved.

Had Andropov simply said, "Let us talk about what you have offered," a qualitative shift in the geometry in world politics and strategy would have followed, more or less inevitably. Whatever Andropov's twist of mind in reacting in the reckless manner he did, the lesson of that experience is the role of a lack of ability to grasp the advantage of a positive basis for agreement, an incompetence, a cultural defect with profound moral implications, which was exhibited as clearly by the opponents of the President's proffer even within his own administration, and within the Democratic Party, as by the sheer reckless folly shown by Andropov. On both sides, the opponents of the SDI proffer were acting as barbarians unwilling to test the waters of a civilized solution to the most

urgent problem immediately before them,

As President Reagan made his offer, the sharks, in his own administration, in the Democratic Party, and elsewhere, were waiting in hope that Andropov would, in fact, summarily reject the President's offer. This opposition to the President's policy came from those in both U.S. parties who had a vested factional interest in the "post-industrial" doctrines which the 1971-1972 wrecking of the Bretton Woods system had been designed to bring about. A cooperative crash-program dedicated to the dual-use application of the higher order of physical principles expressed in the SDI proposal, would have meant a return to the kinds of international economic policies which the Nixon administration's action of 1971-1972 had been intended to destroy.

*So, after we have taken into account the fact that the 1945-1989 conflict between the U.S.A. and U.S.S.R. was artificially induced by the co-thinkers of Winston Churchill, Averell Harriman, Harry Truman, et al., the ability of the war-makers to arrange and maintain that nuclear-weapons conflict over decades, depended upon the lack of a developed philosophical basis for a shared affirmative principle of cooperation on technological cooperation between the U.S.A. and U.S.S.R.* This source of difficulty was not unique to the case of U.S.A.-U.S.S.R. relations. So far, the relations among states on this planet, including within the UNO itself, are based, still today, essentially on a notion of balance of deterrence, rather than efficient, as distinct from merely romantically sentimental, notions of the common aims of mankind. So, the Soviet Union is now long past, but the Hobbesian philosophical source of the conflict which had been associated with its existence remains as a curse upon the world at large today.

The basis in demonstrable moral law for dealing with the crucial problem which monetary-financial "slime-mold" represents in the present crisis, lies in a principle which is denied among empiricists and monetarists alike: *the principled difference between man and ape*. I explain.

Put to one side the question, whether the similarities of form between man and ape do, or do not reflect the emergence of human intelligence from an internal development of a group of species associated with the outward form of the higher apes. Notably, the potential relative population-density of a higher ape on this planet during any part of the approximately two millions recent years, represents a potential not in excess of millions, whereas we represent more than six billions today. Man is not a different species of animal, but a qualitatively different order of existence, based on the function of human cognition which is absent in all the beasts. The relevant, scientifically, experimentally crucial functional distinction of man from beast, lies in those cognitive powers of the individual person through which the discovery of experimentally validatable universal physical principles of the universe changes society's practice in ways which increase the potential relative population-density of a specifically human culture.

These relevant discovered principles are of two types,

those of physical science and those which we associate with the ancient Greek notion of Classical forms of artistic culture. The first type refers to man's interaction with the world around him; the second type refers to the discovery of principles of social cooperation which are essential to the social realization of the benefits of those discoveries in the form of increase of the society's potential relative population-density.

Even from a bare notion of social benefit, it is the power of the individual human to discover and transmit such discoveries of universal principle, which makes the existence of each person implicitly in the vital interest of society as a whole, in the presently continuing interest in the outcome of earlier, as much as present and future generations. The benefits of scientific progress typify this. The discovery and transmission of such discoveries express what we regard as the cognitive immortality of the mortal human individual.

This notion appears within U.S. constitutional law in two congruent expressions. First, as Leibniz's "the pursuit of happiness," which serves as the crucial positive principle of law, in rejecting the doctrine of John Locke, in the 1776 U.S. Declaration of Independence, and the concept of *agapē*, as from Plato's *Republic* and from such sources as the Christian Apostle Paul's *I Corinthians* 13. The latter is expressed as an integral part of the supreme principle of law presented by the *Preamble* of the Federal Constitution, the superior obligation *to promote the general welfare*. It is also expressed, in other words, as the central principle of law, *the advantage of the other*, in the 1648 Treaty of Westphalia,

To bring those principles effectively into play, we must assure the immortality of the worthy contribution of the individual through the creation of sovereign nation-state republics. By this means, we assure to the individual the immortality of his or her contribution to the welfare of mankind. To that purpose, if we are wise, we endow crafted forms of government with a durable commitment to the principle by means of which the continuity of such wealth of ideas that links the past, present, and future of humanity is affirmed. The power thus embodied in a constitutional form of sovereign nation-state must therefore be embedded in the mission of government, and exert supremacy over all other forms of agreements respecting government.

This arrangement therefore requires that relations within and among states must be based on shared commitment to affirmative principle, rather than a silly, Kantian negation of the merely negative principle of conflict.

The matter of law posed by the Venetian-style slime-mold form of monetary-financial system today, must be addressed from this principled vantage-point.

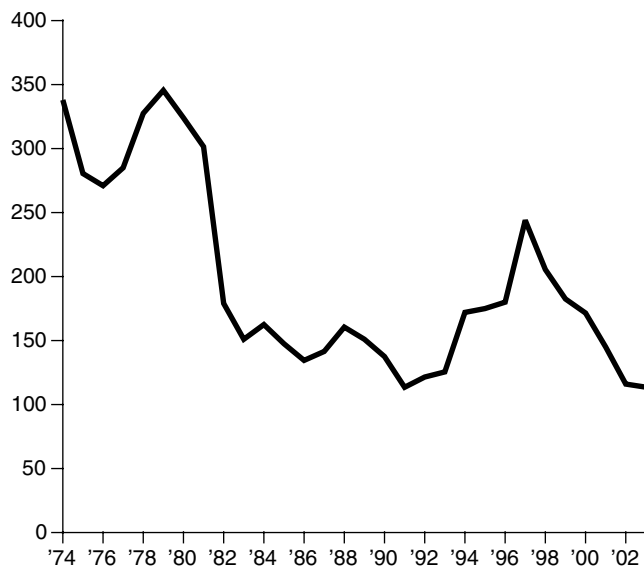
## 1.2 The Issue of International Law

Once we affirm the principle of the sovereign nation-state as the highest form of law of government, the financial institutions become merely subjects of the law of and by governments so constituted. In the one case, the required form of government is that of an individual sovereign state. In the

FIGURE 5

**Decline in U.S. Machine Tool Output, 1974-2003**

(Thousands Units Shipped)



Sources: Association for Manufacturing Technology; U.S. Census Bureau.

second, it is a concert of agreement among individual such sovereign nation-states, or an international monetary system in which an assembly of financial institutions is accountable to the superior authority of a concert of sovereign states. All relevant law and its application is properly subject to the universal principle of the promotion of the general welfare, otherwise known as *the common good*.

These considerations provide us the only tolerable approach under natural law toward solving the crisis represented by the presently onrushing collapse of the world's present monetary-financial system.

Under that notion of law, most of the existing central banking systems are merely private, bankrupt entities, subject to being taken in receivership, for reorganization, by relevant governments. The principle of natural law which applies to such situations, is the obligation of the government to promote the general welfare by whatever means are available to accomplish that result.

Today's IMF is essentially bankrupt in fact. The fact that it is used, together with member governments, as a vehicle for promoting the uttering of fictitious credit, that even in such extreme forms as financial derivatives, enables it, as it is said, "to paper over" its actually perilous financial condition, until now.

The action by Federal Reserve Chairman Alan Greenspan, in the aftermath of the October 1987 New York stock-market crash, to unleash a flood of what have no more intrinsic

merit than gambler's side-bets, financial derivatives (e.g., hedge funds), is the most monstrous of the mechanisms by which the hopeless bankruptcy of the IMF is papered over with the delusions of its admirers. The mixing of the nominal proceeds of financial-derivatives transactions with the regular accounts of the financial market, has now unleashed a degree of overall inflation by worthless assets within the system, such that the potential inflation points either, to straight up, or to a puncturing of the overinflated balloon which leads immediately to a general breakdown crisis of the system as a whole. We are presently bumping up against the self-defined limits, the characteristic internal boundaries, of that IMF system as a whole.

The relevant principle of natural law for such a case, even a far less severe case than the present situation, is that the public interest must be preserved by action of sovereign government to take the bankrupt system into receivership for financial and related reorganization. Now, instead of the IMF slime-mold's putting nations into bankruptcy, the nations, as sovereigns, take the responsible action in the interest of the common good, to take the currently bankrupt IMF system into receivership for reorganization.

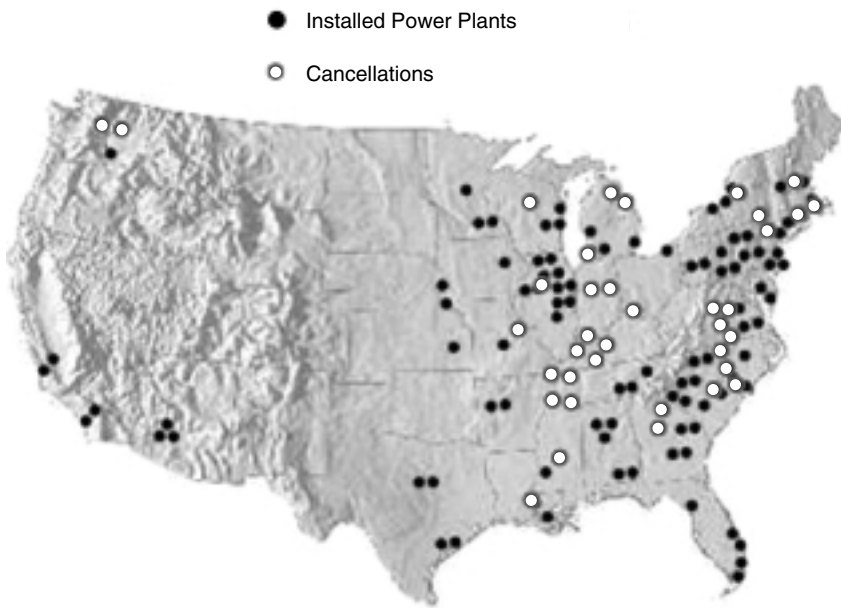
The typical victim of today's popularized ideology may follow my argument here up to a certain point; but, then, as if he had experienced a jolt, he blurts out, "But, that is all wrong. You can't do that; that is against everything I have been taught to believe"—*since ancient Babylon*. He (or, she) is a victim of brainwashing in the Liberal system. It is virtually impossible to induce him (or, her) to break with that brainwashing simply by asserting the need for a different system than he has been conditioned to believe is self-evidently right. You must change the subject of the discussion, as Alexander Hamilton did, for example, in his famous three reports by the first George Washington Administration to the U.S. Congress. You must say, "Forget money for just a moment. Let us look at how an economy functions in purely physical terms," as Hamilton did in his December 1791 report *On the Subject of Manufactures*, in which he focussed attention on the nature of economic development of a national economy in terms of the interdependent actions of a rural agricultural and urban industrial economy through the medium of development of the basic economic infrastructure by means of which their interaction is integrated.

Monetary systems, and their institutions, must be designed and regulated for the mission of ensuring the long-term, per-capita physical-economic effects which are consistent with the universal moral principle of the promotion of the general welfare.

**Some Relevant History of the Matter**

In the economic history of the U.S., the role of money issued by a sovereign was first defined in practice by the Massachusetts Bay Colony by the creation of a form of scrip which was allowed to circulate only in a prescribed way, as

FIGURE 6

**U.S. Nuclear Power Plants, and Cancellations Since 1980**

Source: Nuclear Energy Institute.

credit, within the colony's economy. This was highly successful, as the spectacular progress of the development of technology and prosperity ensured within the colony, up to the point that London-based Anglo-Dutch Liberal interests suppressed the colony's rights.

These early and subsequent developments, which led into the crafting of the principles of the American System of political-economy as the cornerstone of our constitutional system of government, were in fact reflections of the recurring periods of influence of the work of the scientist Gottfried Leibniz in shaping what became the characteristic outlook expressed by our constitutional republic's creation. Some remarks on that background material are necessary at this point; it is necessary to clear away certain widely accepted myths which tend to prevent competent insight into the causes of our nation's economic troubles of today.

In all the most prudent practices in our North America since that time, we have tied money issued by the uniquely sovereign authority of governments to a price of monetary gold, as President Franklin Roosevelt induced the use of a gold reserve system, not a foolish gold standard system, under the Bretton Woods agreements. However, as Hamilton points to the crux of the matter, the maintenance of the value of currency relative to monetary-reserve gold, demands that various forms of regulation must be imposed on the economy by government, to prevent a debasing of the currency. The regulatory measures instituted under President Franklin Roo-

sevelt's administration are typical of the measures required then, and also again today.

Money is an idiot, which knows no lawful principle. It is a necessary, blunt instrument of modern society, but one whose behavior must be controlled by government, to prevent its reckless, brainless impulses from leading our nation into the swamp of ruin which currently popular "free trade" doctrine has put our republic today. Since the founding of our republic, especially after the menacing chaotic situation allowed under the original articles of our confederation, all of the successes of the American System, including even its bare survival under extremely hostile circumstances abroad, have depended upon that set of the principles of regulation of a money economy which separate the American System of political-economy from the Liberal habits which have usually dominated, and often ruined European systems.

The forms of regulation required are those which were destroyed capriciously, by a lunatic campaign of deregulation, under the direction of the Trilateral Commis-

sion team lead by Zbigniew Brzezinski during the 1977-1981 Carter Administration. Those actions under Brzezinski et al. then, actions situated within the context of the Nixon Administration's prior wrecking of the Bretton Woods agreements, are chiefly responsible for turning the U.S. economy into the mass of inflation-ridden wreckage it is today.

It was the combination of the floating-exchange-rate monetary system, which occurred through Shultz, Kissinger, et al., under President Nixon, and deregulation of the economy under the direction of Brzezinski's Trilateral Commission's policies, which is chiefly responsible for the wrecking of the U.S. economy over the course of the recent three decades.

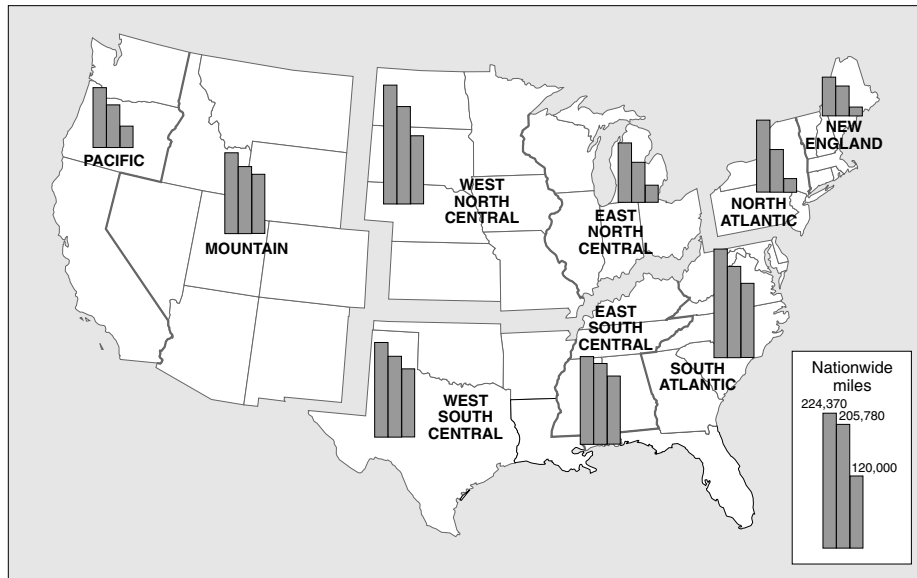
Take the need for a progressive income-tax, for example.

The proper regulatory function of a progressive income-tax, is to give income gained in the form of usefully retained earnings in production a qualitatively more favorable consideration than income which is extracted, as money, from production for economically frivolous purposes. This must also recognize that incomes required for reasonable levels of household consumption should be taxed at relatively much lighter rates, if at all. The general intention must be to induce the population to save, by investing in productive improvements in the economy, and also to punish those who corrupt our national currency and credit by diverting large parts of monetary circulation and credit into practices which tend toward the ruin of the nation as a whole over the medium to long term.

FIGURE 7

**Decline in Railroad-Track Mileage, 1950, 1970, and 2000 by Region**

(Miles of Track)



Source: Association of American Railroads.

Similarly, tariff regulation in matters of interstate commerce, such as airlines, railways, and highway transport, must be shaped to such purposes as promoting the existing and improvement of these functions, and, also, by ensuring that all areas of the nation are able to function in fair competition with others, rather than causing the principal activities of the economy to become congested in a few major markets, while leaving the rest of the nation more or less to rot away by negligence. Look at the way we have destroyed our airlines, our railway system, and so on, under the impact of the orgy of deregulation set into motion during Brzezinski's tenure.

The result of the needed regulatory measures by aid of government action, is the promotion of what has been called formerly a "fair trade" system of pricing. The included purpose of such "fair trade," as opposed to the reckless dogmas of "free trade," is to promote the protection of useful capital investments, and standard of living of households, from the foreseeable effects of allowing the free roving by predatory financial power roaming like pirates under the banner of "the price is right!"

These free trade doctrines which have been used to destroy the U.S. economy, in those and related ways, over a period of slightly more than three decades, have been explicitly copied from the 1776 ranting against the independence of the United States by Lord Shelburne's propagandist Adam Smith. These were the dogmas which Smith adopted by pilaging the intellectual products of his pro-Satanic predecessor Bernard Mandeville, and the writings of the Physiocrats

Quesnay and Turgot,

Smith was very clear in his *Wealth of Nations* attack on the Americans. The pro-Satanic Mandeville of today's Mont Pelerin Society, insisted, as the Society's Milton Friedman has done, that the encouragement of private vice was the source of the public benefit of what is wrongly credited to "free trade" today. The Physiocrats Quesnay and Turgot, from whose writings Lord Shelburne's lackey Adam Smith had pilfered and appropriated most of what he claimed to be fruits of his originality, had based the notion of *laissez-faire* on magical powers presumed to inhere in a titled landlord's status. The use of "the magic of the marketplace" is an apt reflection of the Gnostic, or so-called Faustian principle by which one man is made rich, and the other poor. There is no sane basis for any of the doctrine of

"free trade"; the doctrine itself is, like gambling manias, a form of superstition peddled to the credulous.

The development of a competent science of political-economy, was chiefly the work of Gottfried Leibniz over the interval 1671-1716. The outcome of that work was what was known as the science of physical economy. It was this work of Leibniz, as transmitted into the circles of James Logan and the circles of the Winthrops and Mathers of New England, and the circles of Benjamin Franklin, and others, later, which provided the basis for that American System of political-economy whose principle is reflected in the successive craftings of U.S. Declaration of Independence and Federal Constitution.

The essential, physical-scientific basis for the successful circulation of these conceptions as the basis of the American System, had their physical-scientific origins in the Classical tradition of pre-Aristotelean, ancient Greek physical science, as expressed by the concept of *power* (*dynamis*) of Thales, the Pythagoreans, and Plato. This was the same concept central to such work as the founding of modern experimental physical science by Cardinal Nicholas of Cusa, as his *De Docta Ignorantia*. This work was the founding of the modern physical science whose mainstream is represented by the continuity from Cusa, Luca Pacioli, Leonardo da Vinci, and Johannes Kepler, into the work of Leibniz and of such as Gauss and Riemann after Leibniz.

This conception of *power* has taken its modern form since the work of Leibniz, through the work of a student, Carl

FIGURES 8a-b

## Pennsylvania: Counties Meeting Hill-Burton Standard of Hospital Beds per 1000 Persons, 1980 and 2002



Source: Pennsylvania Department of Health.

Gauss, of the same Abraham Kästner, a one-time host of Benjamin Franklin, who had been a key part of the process of delivering to Benjamin Franklin the anti-Locke, Leibniz concept, of “the pursuit of happiness,” which served as the keystone of natural law embedded in the 1776 U.S. Declaration of Independence. Gauss’s attack on the rabidly empiricist ideologues D’Alembert, Euler, Lagrange, et al., in Gauss’s 1799 doctoral dissertation, was his affirmation of the same concept of *power* central to the work of such as Cusa, Pacioli, Leonardo, Kepler, Leibniz, et al., the concept of *power* employed by the Classical Greek science. This is the concept of *power* (*Kraft*) central to Leibniz’s science of physical econ-

omy, on which my own original work in economics was based. This is the concept of *power* which was arbitrarily excluded by all of the work in economics in particular, and in science in general, of the empiricists and their modern positivist and existentialist followers.

I summarize the role of the notion of power in the American System of political-economy here, because it has an indispensable role in enabling the economists and statesmen of today to grasp the principles which must be employed to effect a successful recovery of an otherwise now virtually doomed present economy of the U.S.A.

## Economy As Physical Science

The key to a science of physical economy is what may be recognized from Aeschylus’s *Prometheus Bound* as the Promethean principle, the same principle we encounter in the *Book of Genesis*’s definition of man and woman as made equally in the image of the Creator, and assigned to duties consistent with those *powers* (e.g., *dynamis*) with which mankind is uniquely endowed. By means of the unique capacity of the human individual to discover those efficient, universal physical

principles which are beyond direct perception by the senses, such as Kepler’s unique discovery of a principle of universal gravitation, mankind is enabled to increase both the number and quality of existence of the typical human individual, an increase implicitly measurable per capita and per square kilometer of the Earth’s surface.

It is this conception of power, as recognized by the Pythagoreans and Plato, which is the basis for a science of physical economy: the increase of the productive powers of labor, per capita and per square kilometer.

Here we meet the crucial point of difference between a mere mathematics and a physics, the difference between the

FIGURE 9

## Depopulation, Deindustrialization, Poverty in 10 Michigan Cities

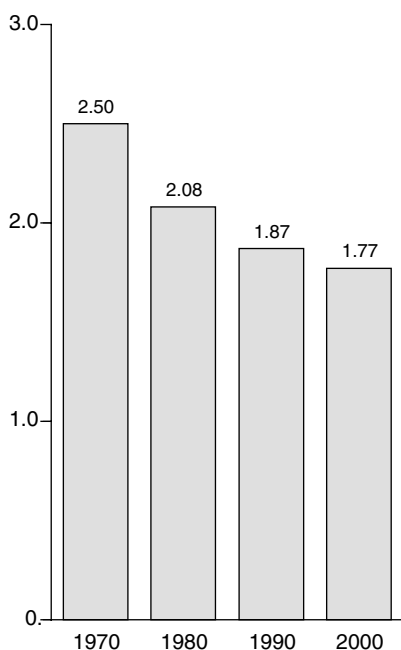


Source: *EIR*.

FIGURE 10

### 10 Leading Michigan Cities: Population Falls by 29%

(Millions)

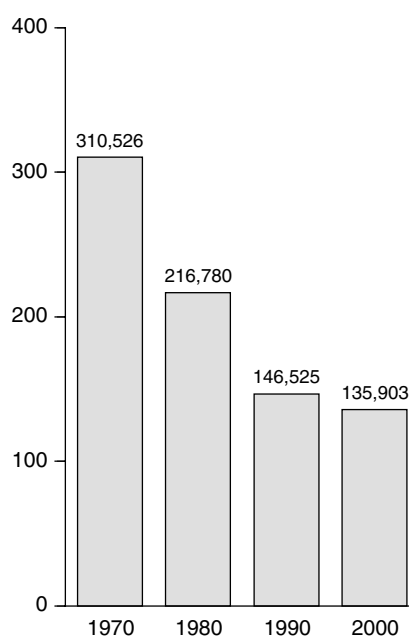


Source: Dept. of Housing and Urban Development, *EIR*.

FIGURE 11

### 10 Michigan Cities: Manufacturing Workforce Falls by 56%

(Thousands)

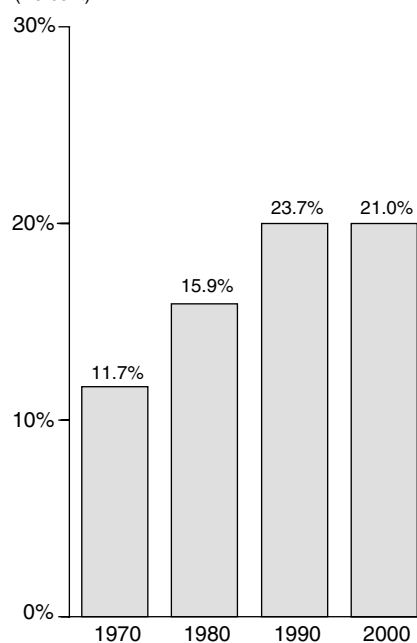


Source: Dept. of Housing and Urban Development, *EIR*.

FIGURE 12

### 10 Michigan Cities: Poverty Rate

(Percent)



Source: Dept. of Housing and Urban Development, *EIR*.

relatively passive mere Astronomy of Copernicus and the active Astrophysics of Kepler. It is the difference between observing the motion which has occurred, and conceptualizing the principle—the efficient power—which generates that motion. *In the first, passive discipline of mere mathematics, such as that of D'Alembert, Euler, Lagrange, Cauchy, et al., the effort is made to discover rules by which observed motion will be repeated. In science, such as that of the Pythagoreans, Plato, Kepler, and Leibniz, as distinct from mere mathematics, the objective is to discover the efficient power by which to produce a manifest effect which has never appeared to us in the universe before that time.* That distinction between mere mathematics and physical science defines the notion of *power* in the sense of *dynamis*, or Leibniz's use of *Kraft* in his science of physical economy.

That is the issue of physics (e.g., anti-Euclidean geometry) posed by Gauss's attack on the errors of principle by D'Alembert, Euler, and Lagrange. That is the significance of Riemann's habilitation dissertation, his treatment of Abelian functions, and his emphasis on the conception of Dirichlet's Principle.

In the science of physical economy, our primary focus is on two forms of physical action, beyond the ken of a bald mathematics. The first, is universal physical principles through whose employment mankind's power in and over nature is increased per individual. The second, is those principles of Classical artistic composition whose relevant application is the organization of that social cooperation in use of physical principles which is necessary to translate the application of physical principles into the cooperative social effect we might recognize as social-economic progress in the improvement of the human condition. Both are universal physical principles in type, and belong, ontologically, to what Gauss, Riemann, et al., define for mathematical physics as the complex domain.

It is the transmission of these principles of the class signified by *powers*, which is the means by which increase in man's power over nature, per capita and per square kilometer, is accomplished, as through production.

The principal forms of expression of physical-economic progress in society are agriculture, industry, and infrastructure. The characteristic feature of progress is those forms of technological progress which revolutionize the activity of society in ways which translate the application of power to the increase of the productive powers of labor per capita and per square kilometer. Infrastructure either creates the precondition for such progress in production and consumption, or enhances the expression of the applied productive powers of labor in some necessary way.

In first approximation, physical-economic progress is the result of the injection of principled expressions of scientific-technological progress into the point of production or infrastructure. Actually, the way in which this application must occur to be efficient in modern society, is the ordering of the

way in which principled elements of scientific-technological progress are injected into the successive stages of ordering an extended production process, which might be represented by a process-sheet representing stages of production over a significant lapse of time, such as years.

The relevant point of view for understanding this process-view of technological progress in production is best typified by the standpoint of the connection between the work of the experimental scientists and the tool-makers, the starting-point of the process of injecting technological progress into the process represented by the process-sheet cycle as a whole. Looking at the matter from that vantage-point, we are compelled to recognize that it is the injection of technological progress along the pathways depicted by such process-sheets, which is the necessary standpoint from which to study and manage the benefits of technological progress along the pathway mapped by the process-sheet. Scientific-technological progress is, thus, the primary expression of the action on which the success of a modern economy depends.

This shows the way in which the process of education and circumstances of family and other aspects of social life must be ordered to make possible the desired rates of technological progress in society. The economist must therefore avoid the relative intellectual sterility of the mere accountant or mathematician, and adopt the active standpoint of the physicist-toolmaker's view of the successive stages of injection of technological progress, at a certain rate, along the pathways which corresponds to the process-sheet. The role of the household standard of living is defined in terms of the rate of intellectual progress this production-cycle implies.

The determination of estimable "fair price" levels within an economy follows from the study of medium-term and long-term cycles of investment in physical capital in those terms of reference. The money-price of the standard of living of a household, as reflected in the standard of living of a community, serves then to define the unit of reference through which the physical standard of living is correlated with a price-determination of that "basket of physical consumption." Clear thinking on that subject serves as the needed point of conceptual reference for thinking about the relationship between money values and actual physical values.

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## 2. Financing a General Recovery

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Organizing a financial recovery from the present state of virtual bankruptcy of the world's present monetary-financial system, has two overlapping phases. There are certain limited, stop-gap measures of a type which must be taken, even within the bounds of the present monetary-financial system, as distinct from the broader actions which require putting the existing system into general receivership for reorganization in bankruptcy.

Take the short-term case immediately at hand, the onrush-

## Education Specialty: Post-Industrialism

During the last 50 years, more and more Americans have been getting undergraduate, graduate, and post-graduate degrees—but in what? Even as our population grew, the percentage of people in their twenties with college degrees has more than tripled, from 7% in 1950 to something more than 22% today. In simple totals, we have, today, about one and a half times as many doctorate and bachelor degrees conferred each year than we did in 1970. The number of masters degrees conferred each year has just about doubled since then. But, what areas of study have kept pace with these increases? And, thereby, which areas of the U.S. productive economic capacities have continued to be renewed and replenished; and which have, on a relative basis, been diminished or degraded for lack of new graduates?

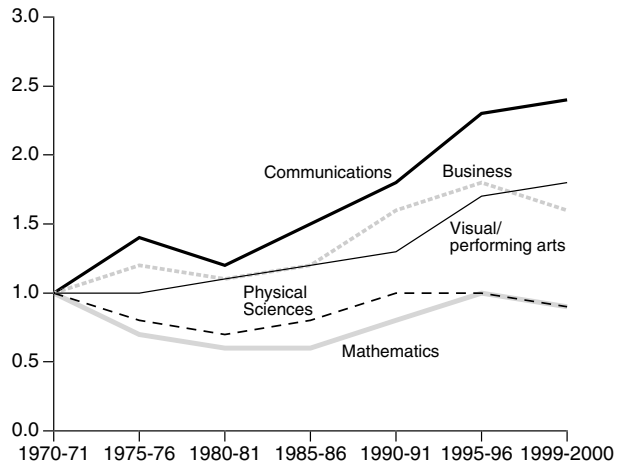
The greatest relative drop in doctoral degrees conferred since the 1920s has been, far and away, in the physical sciences. In the 1920s, '30s, and '40s, fully one-fifth to one-quarter of all doctorates conferred were in the physical sciences. By the late 1970s, only 10% were; and today, fewer than 9%. The simple numbers of master's and bachelor's degrees conferred annually in the physical sciences, from the 1970s to today, have dropped by 50-60%.

In agriculture and natural resources, doctorates conferred annually, as a percentage of the total doctorates, are now below the levels of the 1920s and '30s, having peaked in the '50s and '60s.

Engineering doctorates, overall, have increased from 1% of the total doctorates conferred annually in the early 1920s to 12% in the mid-1960s. A drop to below 8% by 1980 recovered by the 1990s and 2000 back up to mid-1960s levels. However, only half of these are U.S. citizens and can be expected to remain in the country. Also, increas-

FIGURE 1  
**Doctoral Degrees Conferred in U.S.,  
Changes Since 1970-71**

(Indexed to 1970-71)



Source: EIR.

ingly, engineers are being trained in business practice or in IT, rather than in areas of the physical economy.

So, what about the services and the IT sectors? These areas have either kept pace with, or far exceeded, the overall increases seen in degrees conferred. The number of business degrees conferred annually, including bachelor's, master's, and doctoral, were 2.5 times greater in 2000 than they were in 1970. Not surprisingly, the number of computer and information sciences degrees conferred in 2000 was close to 12.5 times the number in 1970. And, the armies of college graduates in the fields of parks, recreation, leisure, and fitness studies have swelled in ranks by 12 times their 1970 levels.

These figures come from the U.S. Department of Education and the National Center for Education Statistics.

—Judy DeMarco

ing collapse of a group of entities fairly described as a “General Motors Complex.” We must not be so negligent as to allow that precious productive capacity to be disassembled. Therefore, we must create a “cover” under which the complex is taken into receivership by an entity created by the Federal government, to ensure that essential productive facilities and their employees are held together as a productive capacity.

In this example, the intent will be to create certain new projects, such as in the domain of essential infrastructure requirements of the nation, which will absorb those parts of productive operating potential not presently required for cur-

rent product-lines of the combined facility taken into tow in this way. A suggested alternative for this purpose would be to create a national program for shifting current passenger and freight requirements from highway to rail, or rail-like modes. I choose this example because it is a likely prospect for very early action, which incorporates several leading features of a large category of options for bringing current national product output, in piecemeal fashion, up to the level of breakeven of the national economy on current account.

The most attractive feature of that option is that it applies essential, leading high-technology potential at the front-end

of a growth-driver program, an application which utilizes the employment of a nationally essential, highly skilled, toolmaking segment of the labor-force for a program which generates employment opportunities for a larger population of skilled, semi-skilled, and unskilled labor in the same areas in which the highly skilled occupations are located. It is the kind of program which transmits advanced technologies from the front-end of a program of production, down the chain of subsequent elements in the process-sheet which reaches the intended end-product. This permits the introduction of enhanced technologies at subsequent points in the chain down-line.

It is also an option which has beneficial multiplier effects on suppliers and others whose economic activities intersect the principal axis of the program's sequence. It is the intended acceleration of upgraded technologies along the chain, which provides the anticipatable high-gain in rate of economic return needed to make the project a premium choice of national mission-project.

The object of selecting a key project such as the type needed to prevent a General Motors crisis from becoming a national economic disaster overall, is to set a pattern which can be used as a guide for crafting other project-programs which will tend to become relatively most beneficial.

Parallel to this option for the GM case, we have numerous cases in which urgent action is needed on already specified infrastructure projects, such as those for the U.S. Corps of Engineers.

One of the urgent motives for launching such projects, the urgency of the GM-complex case put aside, is the need to create economic credibility for the idea of an economic-recovery program. Call it the get-out-of-bed principle; if Johnny is getting out of bed on time in the morning, we might tend to believe that he is more likely to arrive at work that day. We as a people, as a government, must convince ourselves and others that we mean business about actually having a general economic recovery, rather than sitting about wailing over the fact that we seem unable to do anything to stop the current hemorrhaging under the Bush Administration. The recovery will require very large masses of long-term credit, much in the quarter-century and longer category; if we can not convince ourselves that we are committed to see that work through to a successful outcome, our ability to mobilize the credit needed will tend to fall toward zero. Getting started on the journey is the first, essential, political-psychological step toward reaching our destination.

Some things, like that, can be, and must be started immediately, even under the present international-financial monetary conditions. However, proceeding with these preliminary actions depends upon our confidence in our commitment to go all the way with a general reform of the national and international system. We must move now, to convince ourselves that we intend to succeed in the long run; but, to engender confidence in immediate actions of that sort, we

must have confidence that we have a workable long-term plan for the journey toward our destination a generation or more ahead.

The ability to generate and sustain the masses of long-term credit needed for a general reorganization and recovery of the world's monetary order, depends upon our willingness to accept nothing less than the replacement of the intrinsically bankrupt, present, floating-exchange-rate monetary system, by a fixed-exchange-rate system congruent with the essential features of the original Bretton Woods system. The essential differences between then and now are four.

First, the U.S.A. is no longer capable of carrying the new fixed-exchange-rate system as the U.S. dollar was used to back up the original Bretton Woods system. There must be a consort of principal guarantors of the new system.

Second, the growth of the world's population, and other qualitative changes, such as a new perspective on the challenge of providing raw materials, present us with problems which did not exist in that form and degree a half-century ago. Today, especially with the currently rabid speculation on future control of the planet's essential raw-materials assets, new measures of regulation to end such speculation are needed as a precondition for a stable new world monetary order.

Third, the pivotal feature of a successful new world monetary system, will be the emerging relationship between western and central Europe, on the one side, and the Eurasia group centered upon the triangular cooperation among Russia, China, and India. This prospect in Eurasia as a whole is now the pivot on which the rational organization of the set of relations within the world economy now depends. As a side-effect of this, the composition of world trade will tend to shift from emphasis on final products, to trade in intermediate products among nations.

Fourth, the conduct of trade among nations will be based upon a span of two generations in principal long-term trade-agreements among nations. The need for increasing capital-intensity in developing assured supplies of greatly increased requirements of raw materials, will be among the leading determining considerations in defining a fifty-year cycle as the basis for long-term trade agreements. There will be a similar effect generated by the increased ration of long-term capital investment in high-speed, land-based modes of transportation of passengers and freight across not only vast continental spans, but, as the implications of a Bering Straits link of Asia and North America implies, intercontinental spans.

## **The New Role of the U.S. Dollar**

Now, look at the indispensable future role of the U.S. dollar in the context of what I have written here up to this point.

The present world monetary-financial system is based on denomination of the U.S. dollar as a reserve currency. Any precipitous collapse of the value of that dollar, whether spon-

taneous or negotiated, would create a situation under which a chain-reaction collapse of the entire planet into a new dark age, comparable to that of Europe's mid-Fourteenth-Century "Little Dark Age," would ensue immediately. The possibility of a transition from the present planetary situation of imminent general collapse of the entire system depends upon fixing the value of the U.S. dollar at approximately its current valuation, and a comparable fixing of the standard for gold reserves under a fixed-exchange-rate system. There exists no sane alternative to these measures at this time.

For example, when we take into account the vast amount of U.S. dollar holdings currently outstanding in nations such as China, Japan, Korea, and elsewhere, any presently virtually inevitable, early chain-reaction collapse of the dollar's valuation, if permitted to proceed, would, in itself, create an impossible situation for all parts of the planet today.

The only way in which a "new dark age" variety of global collapse could be averted, is to create a new, fixed-exchange-rate, gold reserve, world monetary system which is built around the starting-point of fixing the price of virtually all leading currencies at approximately their price at the current instant. This requires, essentially, immediate action which converts short- to medium-term *legally and morally legitimate* claims, *as if automatically*, against the dollar, into long-term claims against the dollar held as a reserve currency within a gold-reserve-based, fixed-exchange-rate system comparable to the original fixed-exchange-rate system launched by 1944-1945 agreements.

U.S. economic, financial, and monetary policy must *therefore* be changed now to conform to the requirements of supporting that general monetary agreement. Any sane government of the U.S. would agree to this readily, recognizing that this is the only available means for preventing a collapse of the world economy, including the U.S.A. itself, into a deep, deep pit of despair.

This must be accompanied and expressed by physical-economic-policy reforms within the U.S.A. and among nations, which conform to meeting the obligations implicit in that altered role for the U.S. dollar as a global reserve currency. This also means a general revision of trade and tariff agreements among nations in ways needed to support the replacement of the presently, so-called "globalized," "free trade" order by a "fair trade"-based order. This change will be supported by nations which wish to survive, simply because their survival depends upon the adoption and faithful implementation of such new agreements.

The quality of these reforms as constituting a long-term valuation of the world's reserve-currency-based system, depends upon crafting arrays of trade and related treaty agreements among principal nations of the world on the basis of quarter- to half-century commitments to building a global economic basis in long-term physical-capital formation in basic economic infrastructure, and upon the novel, but presently indispensable included feature of a global raw-materials

development, supply-and-pricing policy.

The pattern for such complementary monetary-financial and economic reforms is emerging from growing long-term cooperation between the principal industrialized nations of western and central Europe with the long-term Eurasian development perspectives implicit in growing relations between such nations of western Europe with the programs emerging around the Russia-India-China Triangle. The same principles must be extended to Africa, especially sub-Saharan Africa, and to the coordinated development within the Americas, and also elsewhere. It is the accumulation of long-term development agreements of such forms which provides the foundation for securing the stable long-term valuations needed within the newly reformed system as a whole.

Without these emergency actions to change the world system now, a prolonged planetary new dark age were the inevitable outcome of the adoption of any contrary opinion.

## Endnote

However, critical sticklers for the details behind General Johnson's design for National Recovery Act ("The Blue Eagle," or NRA) should note the following. The underlying principles of Franklin Roosevelt's approach to the challenge of the 1930-1945 interval remained the same commitment to the Hamiltonian tradition which he reflected in a paper written in the context of his Harvard graduation, and during the later studies of the American System, which occurred during his struggle to overcome the impact of poliomyelitis. However, although that President's policies were an explicit alternative to, and opposition to the Nazi regime under Hjalmar Schacht's Hitler, at that time the Coolidge and Hoover administrations, and much U.S. popular opinion, had been pro-fascist. So, his first campaign for the Presidency and the NRA days expressed influences of the fascist ideology of both Republicans and American liberals, such as John Dewey, et al., of that time. For example, the leadership of the Democratic Party at that time, which was openly, even savagely anti-Franklin Roosevelt, was essentially pro-fascist, like the so-called neo-cons and similar "conservatives" today. So, the ideology of the late 1920s, under Presidents Coolidge and Hoover, contained a lot of faddish leaning toward the impression of Mussolini's regime at that time. It was with FDR's alliance with John L. Lewis's campaign for industrial democracy, which provided the social-political basis for FDR's ability to wean the U.S.A. majority opinion from the relics of fascist sentiment. So, the viable currents in the Democratic Party of today, are tending to break with the strong anti-FDR influence expressed by the Congress for Cultural Freedom's destructive influence in creating the "cultural paradigm shift" exhibited among the generation of university age during the late 1960s and 1970s. With President FDR, it was the "Hamiltonian" legacy of which came to the fore in the evolution of the Presidency during that period. This was not a change in FDR's personal outlook; it was a change in the currents of public opinion with which any President of the U.S.A. is compelled to deal politically. For purposes of comparison, you might consider the different kind of example from my own case; to understand me today, you must look into the crucially formative, virtually "genetic," pre-1949 phases of my own original discoveries in the Leibnizian science of physical economy. In the case of every significant figure in history, there are deep structures which persist, and also relatively superficial phases which reflect a period of adaptation to the cultural setting in which that figure found himself or herself. In my adult lifetime, I, too, have had to ally with constituencies whose axiomatic opinions I did not fully share, as in certain alliances I adopted in good faith in my repeated role in opposing pro-fascist currents in our own nation, such as those pro-fascist currents associated with the Truman Administration and with the Nixon Administration and its current since.