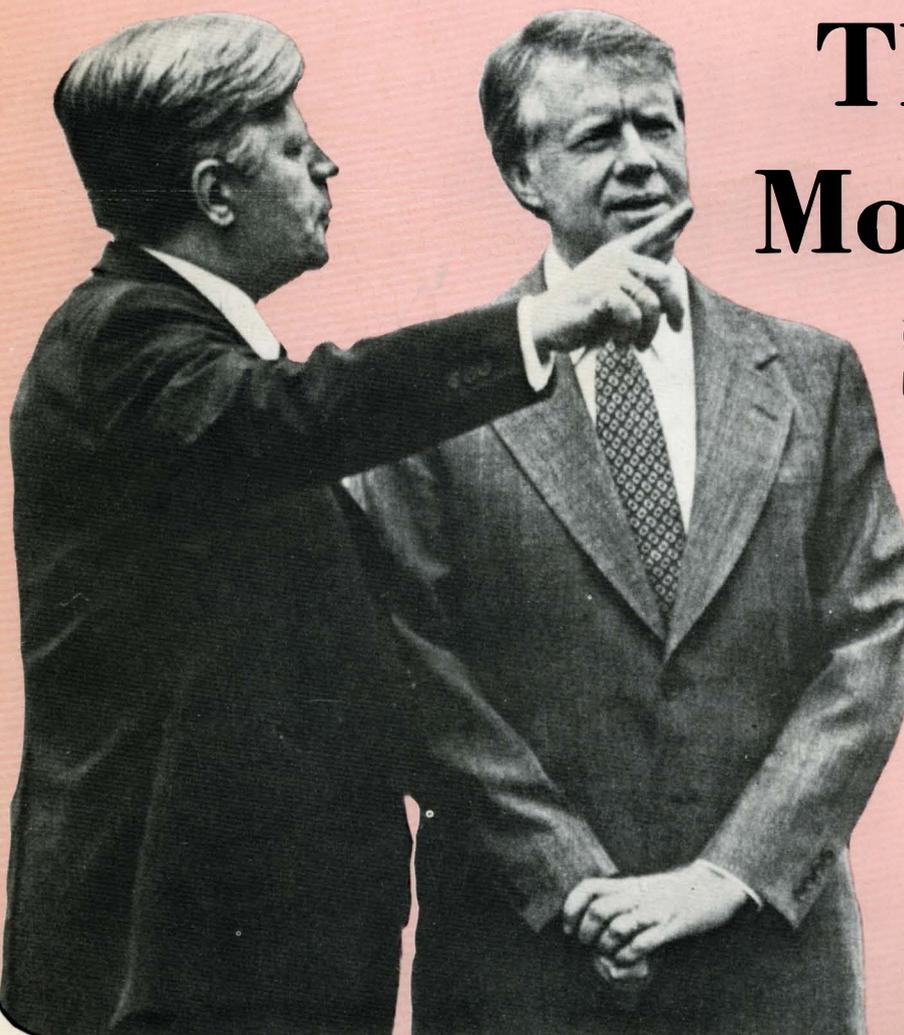


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by
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Chairman, U.S. Labor Party

Facts Behind The New Monetary System



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**Facts
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The New
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by
Lyndon H. LaRouche, Jr.
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FOREWORD

At the EEC "summit" meeting in Bremen, West Germany, during July 6-7, 1978, France's President Valery Giscard d'Estaing and Germany's Chancellor Helmut Schmidt led forces introducing a new world monetary system, a system which in due course will replace the old Bretton Woods system's relics, pushing the International Monetary Fund and World Bank into an attenuating role in world finance.

The immediate proposal adopted at Bremen was focused upon the establishment of a European Monetary System (EMS), which would include a projected \$50 billion European Monetary Fund (EMF), a fund composed of an initial ante of U.S. dollars and gold plus quantities of other currencies. The short-term function of the EMF, it was emphasized then and afterward, was to introduce anti-inflationary stability to key currencies, with emphasis on the value of the U.S. dollar. The more fundamental, longer-term objective behind the effort, not emphasized in the published segments of the Bremen communiqué, is to combine East-West and North-South economic and political cooperation in such a way as to launch a global economic boom centered around long-term, high-technology development of the Third World.

The EMS and its included EMF are the continental European cornerstone of a new global monetary system, immediately to include the Arab Monetary Fund (by September 1978) and also the Tokyo capital market. What is in progress is a phase-by-phase effort to develop a new global monetary system corresponding in every essential feature of policy and conception to this reporter's 1975 proposal for an *International Development Bank*. The latter was first publicized in this writer's spring 1975 brochure, and was amplified in a series of published articles, memoranda and related materials published through 1977.

For various reasons, only a minority of U.S. Congressmen and only a tiny portion of the U.S. electorate has competent knowledge of agreements which may prove to be the most important initiatives of the twentieth century. Chief among the reasons for this want of competent knowledge is the mass of dis-

information and other false reporting issued by opponents of the Bremen agreements. Since the opponents have virtual control of the majority of the leading news media in the U.S. and various other nations, the initial Bremen agreement was deliberately ignored by the leading news outlets, and has been either ignored or covered with falsified reports ever since.

For example, lobbyists for Treasury Secretary W. Michael Blumenthal and his associate, Undersecretary Anthony Solomon, are circulating willfully false reports to members of the Congress, the press, and so forth down to the present moment of writing. Richard Cooper over at the State Department is also issuing falsified reports. False information bearing directly or indirectly on these same developments has been flowing through the circles of Senator Edward Kennedy, and Senators Jacob Javits, Frank Church, and also through such Heritage Foundation conduits as the congressional offices of Garns and Curtis. In addition, all London sources are lying hysterically on this and related issues, with London's line on the matter flowing through Henry A. Kissinger, through Kuhn-Loeb, Lehman Brothers, Lazard Freres and Rothschild-linked investment and commercial banks generally.

Disinformation is also flowing from various sources in Europe. European disinformational output is organized through the British monarchy and City of London. The instruments for conduiting the disinformation include the The Most Venerable Order of St. John of Jerusalem (British), and the Most Venerable Knights' black-nobility faction of allies within, notably, the Rome-based Sovereign Military and Hospitaller Order of St. John of Jerusalem (Maltese Order). One of the notable front organizations for the British-led Maltese networks is the Switzerland-based Mont Pelerin Society.

The British Most Venerable Knights organization directly overlaps the command of British secret intelligence, the Round Table, such that coordinated disinformation flows through such subsidiary branches of British secret intelligence as the Royal Institute of International Affairs (RIIA) and the London International Institute for Strategic Studies (IISS). The Lord Evelyn Rothschild chairmanship over British intelligence, through the Round Table organization, overlaps the Britain-Canada-centered Jerusalem Foundation. The Jerusalem Foundation, centering around Bronfman interests on the North American continent, is a de facto, operational political-intelligence arm of the Most Venerable Knights of St. John of Jerusalem.

These same circles also control the "liberal international" and the neo-Fabian networks of the Socialist International. The latter are reflected in Lane Kirkland of the AFL-CIO, Clayman of the AFL-CIO's Industrial Union Department, the League for Industrial Democracy, and the dominant faction in the

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bureaucracy of the United Auto Workers. The same forces also exert a controlling role at the top of the B'nai B'rith Anti-Defamation League (ADL), which frequently raises the falsified charges of "anti-Semitism" against those pushing for success of the new monetary system.

As a result of the suppression of facts and widespread disinformation campaigns, even those Congressmen and others who have obtained factual information from honest and responsible Administration and European sources tend to regard the Bremen agreements as merely "proposals," rather than as what they are, operational commitments of the forces behind the new monetary system. Their frequent justification for this mistaken view is chiefly massive evidence that the British government has not agreed to the new monetary system, and that elements of the Socialist International, certain banking circles, and the Mont Pelerin Society's membership are firmly committed to wrecking the new monetary system at the outset. Since there is no "consensus" for the new system, observers mistakenly tend to regard that lack of "consensus" as evidence that the agreements are not yet operational.

They overlook the fact that there is a virtual state of war between the French-led forces behind the operational commitment and the London-led forces operationally committed to wrecking the new monetary system.

Another important, contributing factor in certain honest observers' doubts of the operational character of the agreements is the fact that the USA is, in their estimation, not evidently committed to the system. The USA, which represents about a quarter of the industrial-output capability of "Western" industrialized nations, is of such weight that it would appear, at least at first judgment, that no new monetary system could function without U.S. participation. There is importance to this sort of argument, but it overlooks several crucial points.

Firstly, the forces behind the new monetary system are the principal creditors of both the British pound and the U.S. dollar: notable are West Germany, Saudi Arabia and Japan. Vis-à-vis the new system, the USA is in the position of a debtor negotiating with his creditors in a matter of financial reorganization. The U.S. may be the biggest economic corporation in the world, but at this moment it is technically bankrupt. That bears significantly on the course of negotiations.

Secondly, these creditors of the U.S.'s dollar are not employing their advantage to injure vital U.S. interests, but exactly the opposite. The creditors are determined to strengthen the U.S. as a world economic and political power, to bring the value of the U.S. dollar back to the vicinity of 3.00 West German marks, and to massively expand volumes of world trade, including a massive expansion of U.S. exports of high-technology capital goods, and so forth. Their included objective is to capture most of the hundreds

of billions of offshore U.S. dollars, to give an inflation-resistant, gold-based backing to those sopped-up dollars, and to use those stabilized dollars to create credit for a global capital formation and trade expansion — in which many of those captured dollars will find their way back to the U.S. exporter's sub-vendor in "East Oshkosh."

In essence, the forces behind the new monetary system are determined to enable the United States to solve crucial problems our government and other influential forces have earlier lacked the insight and determination to undertake on our nation's behalf.

This latter point is most relevant to the motivation for the campaign of suppression of facts and disinformation conducted by leading news media and other conduits of British policies. Once the average trade unionist, progressive farmer, industrialist and unemployed person were informed of the facts of the Bremen agreements and their implications, the new monetary system would rapidly develop a massive constituency among the so-called "silent majority," with the prospect of winning over approximately seventy percent of our pro-industrial expansion, pro-technological progress majority of our electorate.

Thirdly, among European, Arab and Japanese leaders, the possibility of avoiding general thermonuclear war depends upon the early implementation of the new monetary system. Although the economic policies involved are sound in themselves, it is to be doubted that Chancellor Schmidt and others would have found the margin of courage and determination to fight the powerful London machine on this economic issue were Schmidt and others not rightly convinced that without the system thermonuclear war would be virtually inevitable.

If the current policies of the IMF and World Bank were to continue to prevail in world finance, the Schachtian fiscal austerity these institutions are imposing upon the "developing sector" mean economic modes of genocide, totalitarian regimes of hideous character, and a concomitant general blood-bath of destabilizations, coups, and countercoups throughout the developing sector. That condition, combined with the political, social and economic effects of "fiscal austerity" in the industrialized capitalist nations, makes general thermonuclear war a virtual certainty for the relatively near term ahead.

If, on the contrary, an efficient means is developed for pushing the IMF and World Bank to one side, and massive projects of high technology in industry, agriculture and infrastructure are launched in the developing sector generally, this means not only a global economic boom, but provides a basis for potential entente, in both economic and political cooperation in the developing sector, between the United States and the Soviet Union. On that basis, not only are the preconditions for thermonuclear war removed, but U.S.-Soviet relations can be redefined appropriately.

Given these facts, as developed with regard to background in the following pages, the proper U.S. response to the Bremen and related agreements is to organize the potential U.S. constituency for the new world monetary system.

This report is addressed with key members of Congress and the Carter Administration foremost in mind. By addressing this report to the needs of that audience, it is estimated that the same report also serves the needs of other key persons at various levels of influence throughout the society.

A certain minor amount of "culture shock" is unavoidably implicit in this report. Given the escalating campaign of harassment and disinformation against this writer and his immediate associates since the summer and fall of 1968, the work and influence of the writer and his associates have proceeded without competent coverage in major news media. Except for occasional, spotty objective news coverage here and there in Europe and the USA, the only coverage of the U.S. Labor Party in major news media has been orchestrated as part of coordinated slander campaigns, in which the collaborators of the Socialist International and Anti-Defamation League, as well as John Birch Society and Buckleyite types, have been the most active, and most consistent liars to this effect. Hence insofar as "public image" of personalities and organizations is artificially created by dominant news media, it is initially incredible to many that such a nominally obscured organization could have performed such a crucial role, at such a level of activities, in contributing to the creation of this new monetary system.

Despite the corrupt perception of "newsworthiness" among our British-influenced major news media, the writer and his immediate associates have been a marginal but crucial contributing political force in the development of the new monetary system. It is for this reason, in large part, that the new monetary system is identical in all essential policy features with this writer's International Development Bank proposal.

How much credit the writer and his associates ought to be awarded in this connection is moot. Without Jacques Rueff, without the thinking of certain leading Japanese thinkers, without key figures of the developing sector, without the contributing role of the Vatican, and so forth, this could not have been developed. It is impossible to quantify the apportionment of credit awarded in such convergent efforts. It is sufficient to note that the writer and his associates have performed a marginal, but indispensable part in the process as a whole.

At the same time, through our ongoing discussions with leading forces behind the new system, discussions ongoing over several years to date, we have participated in the shaping of the included policies to the degree that we know both the thinking and the temper of those forces with which we have so collaborated.

Our special authority in this matter is twofold. We are among those few most qualified to outline the theoretical conceptions characterizing the new system, and thus qualified to situate the thinking and policies of the system's design within such a theoretical framework.

Also most relevant is the fact that because of the writer's role in this development, he carries a unique responsibility within the U.S. itself. He is the person best qualified and therefore most obliged to give intellectual leadership to those U.S. forces which must join with our European, Saudi, Japanese and other allies in bringing the U.S. economy out of the "environmentalism"-aggravated hyperinflationary world depression. For related reasons, he must either become President of the United States in January 1981, or must perform a key part in determining who shall be the chosen President, and in determining what the policies of the new administration must be. In the meantime, he must aid and defend the present Carter Administration in its efforts to solve the problems of dollar erosion and unemployment with the aid of the new monetary system.

The following report is apportioned into the following sections. First, we report the basic facts of the new monetary system, including the strategy of its phase-by-phase development. Second, we focus on the relevant fact that all currently accredited academic schools of political economy in the USA are fundamentally incompetent, and that the opinion of such economists on the matters before us is therefore intrinsically incompetent. Third, we report the deeper, background issue behind the fight for the new monetary system, showing why such a system at this time is uniquely consistent with the intent behind the establishment of our nation as a constitutional democratic republic. In this approach, we outline the way in which the new monetary system intersects every feature of national policy, from national security, domestic security, through national, state and local fiscal and credit policies.

Lyndon H. LaRouche, Jr. ,
New York City
August 18, 1978

1. THE NEW WORLD MONETARY SYSTEM

By no later than March or April 1981—not later than a hundred days after a new U.S. Presidency with a new popular mandate for such action — the world monetary system will be based on a gold-backed dollar exactly fixed at a value of approximately 3.00 deutschmarks. All the major industrial currencies of

the world, including the Soviet rouble, but possibly, temporarily excepting the British pound sterling, will be pegged at a firm, fixed, gold-denominated value with respect to the U.S. dollar.

The preponderant task-orientation of the new system will be the issuance of long-term credit (fifteen to twenty-five years) for high-technology capital formation in industry, agriculture and infrastructure in the so-called developing sector. This will represent, at an early point, an expansion of world trade volumes over present levels in the order of between \$300 and \$500 billion annually, and will be associated with an export-oriented capital-formation boom within all the industrialized nations participating in this effort. The emerging basis for long-term investment will be loans issued from centralized credit agencies at less than four percent annually, using a combination of U.S. dollars and gold as intertwined basic reserve and world-trade assets.

The task-orientation of this new system will cover two, successive quarter-century intervals. In the first segment, the dominant feature will be the rapid development of a combination of nuclear energy production and *first-generation* fusion energy applications. This will be associated with such included tasks as the conversion of Africa's Sahel into the prosperous breadbasket of Africa, emphasizing both nuclear energy and U.S. agronomical scientific and applications expertise. In the second segment, more advanced forms of fusion energy applications will be superimposed upon the foundation of first-quarter-century development. It is characteristic of this second generation that fusion energy will enable us to transform the Sahara desert into a prosperous, populated region.

To accomplish this, U.S. major corporations will combine their efforts in offshore, export activities in the mode of "trading companies," somewhat like Japan's trading company combines. These combinations will include not only major U.S. firms, but also Japanese and Western European firms. The Soviet sector will also participate as a vendor within such arrangements. These trading-company complexes will sell, as unit projects, such items as nuclear-powered new cities, large, high-technology agricultural projects, and other large-scale infrastructural projects. *The experience of NASA is relevant to conceptualizing this sort of operation.* These trading-company complexes will be the prime contractors for these projects, and those combined enterprises will serve as the skeleton on which to drape the flow of equity and credit, the reference point, through discounting of contracts and subcontracts, through which to organize the flow of payments and credit to the sub-vendor in East Oshkosh.

Each industrial nation will establish banking institutions to mediate the connection between funding of development projects and the internal economy of the exporting nations. Through the participating role of

private commercial banks in concert with such national institutions, the necessary flow of credit and payments can be organized in a suitable fashion, and the by-product monetary benefits of such export activities channelled into domestic capital formation.

Each developing nation will also create special national banking institutions, often as part of regional development banking institutions representing several such nations. These banking institutions and networks will be the responsible agencies on the side of the developing nations.

In the industrialized capitalist nations, such as the U.S., this will require some basic overhaul of fiscal and credit policies. In general, incentives for capital formation and for flow of credit automatically into productive investment must be established by aid of tax credits, with tax credits modelled on the principle of adequate rates of accelerated depreciation and amortization of tangible improvements in industry, agriculture and infrastructure, and suitable tax credits for related research and development and educational expenditures. By making credit policies complementary to and coherent with such tax policies, a "two tier" tax and credit flow is established, to the effect that private enterprise in production and investment decisions automatically vastly prefers the higher profitability of high-technology capital formation to the lower profitability of speculative and marginally useful flows of capital.

It is also desirable to raise, stepwise, the personal household income tax exemptions such that basic, required household income is virtually untaxed in due course, taking government bureaucracy, insofar as possible, out of the business of mediating individual household expenditures. However, such complementary *internal* U.S. reforms need not be discussed further here.

The general objective is the development of global networks of new, nuclear-powered cities throughout the developing sector (and elsewhere), to the extent that urbanizable portions of the populations exist at each point in time for such applications of modern technologies. Around these new cities, which serve as typical sources of power for entire regions around them, are to be developed high-technology advances in agriculture, mining and so forth. These latter projects immediately increase the social productivity of the rural segments of the populations and create a crucial element of the economic environment for catalyzing cultural progress among these portions of the population. In addition, other necessary infrastructural works — highways, rail systems, communication systems — must be included.

The principle governing the social and economic side of this developmental process is that the source of all wealth is, in the final analysis, the increase in social productivity of persons accomplished through realized advances in scientific and technological knowledge. By providing sections of the population

with the highest level of useful technology they can employ with reasonable training and supervision, we must increase the modal per capita output of the developing nations from hundreds of dollars per year to thousands and then tens of thousands per year — over approximately a fifty-year term of development.

By selecting developmental projects according to such principles, and by financing these on low credit-costs over sufficiently long terms, these projects are both financially self-liquidating and accelerate the purchasing power of the economies at rates more rapid than the accumulation of capital costs. It is estimated that the in-sight capacity for developmental investments in respect to the realities of population capabilities and general global economic considerations is between \$300 and \$500 billion annually.

Financially, the overall effect of such a task-oriented approach is to create a predetermined escalation of world hard-commodity trade volumes, giving an assured market for capital-investment decisions within the capital goods-exporting industrialized nations.

The Transition

The immediate problem before us is the business of transition from the present, hyperinflationary mess, with associated, prohibitively high borrowing costs, to a new monetary system of the indicated specifications. The process of transition involves two interacting classes of problems. The first such class might be termed technical problems; the second, subjective or political problems. The two types of problems must be considered together, as has been done.

The leading objective problem is that of sopping up hundreds of billions of churning, high-interest monetary accumulations — the primary, phenomenal source of inflationary and economic depressive forces — into low interest credit for both long-term productive investment and short-term requirements of world hard-commodity trade. This process is to be accomplished, ultimately, through the development of a new issuance of gold-denominated bonds, at between one and three percent nominal yields, which are sold for (notably) "excess" U.S. dollars.

That gold-denominated bond issuance can not yet be accomplished at this instant. So, an intermediary process must be undertaken, to bring about the pre-conditions for such conversion into bonds.

The first step is the establishment of multinational institutions of credit, such as the European Monetary Fund, the Arab Monetary Fund and the Tokyo capital market (yen bonds), in which dollars, gold and some quantities of other currencies are pooled, principally by action of governments, central banks and key private banks. By using this newly concentrated mass of credit to initiate a significant number of development projects, trends in valuations of key currencies are set into motion. Meanwhile orderly net purchases of gold monetary reserves on the open market by central and other key banks, and by the pools them-

selves, brings the *open-market price of monetary gold* to a stable level. That stable level would be between \$230 and \$240 per ounce for gold. As currencies and gold reach targeted, durable levels, these values are pegged tightly to, first, narrow band-spreads and ultimately to fixed parities. At that point, the pre-conditions for conversion of dollars into gold-denominated bonds can be implemented.

Once the U.S. dollar is committed to an in-sight perspective of at least approximately \$100 billion increase in annual capital goods-dominated exports, the valuation of the dollar must converge on approximately 3.00 deutschemarks. That is the price at which U.S. capital goods would enjoy parity with value of West Germany's capital goods exports. If Japan and France, for example, are tightly pegged to the deutschemark, then the entire global constellation of capital goods volume-exporters achieves tight, durable parities for a condition of rising volumes of global capital goods exports.

Under those conditions, it is possible that for a time the apparent price of gold might tend to rise toward the \$300 per ounce level. That would occur to the extent that the U.S. dollar is hovering within the 2.00 to 2.50 deutschemark range, in which the higher gold valuation in dollars would reflect the undervaluation of the U.S. dollar. At 3.00 deutschemarks to the dollar, an ample supply of competitively produced gold for open-market purchases can be provided from Soviet, South African and other sources at approximately \$240 per ounce. However, it would be proper for central banks and other concerned agencies to cooperate with gold producers to stabilize gold markets at the \$240 range during the period the dollar is rising to the 3.00 deutschemark level, this for the enhancement of orderly financial markets.

The weight of the U.S. economy is key in this overall process. Here we must lay emphasis upon political (subjective) problems, as distinct from straight-forward "objective" or economic-financial processes.

If the Carter Administration is committed to support of the Bremen and related agreements, as endorsements by the White House and other elements of the Administration have indicated — in opposition to Solomon's crowd at Treasury and elements such as the Brookings' Cooper at State, the Administration, with aid of a majority in the Congress must cut away juridical and related de facto obstacles to a free flow of U.S. high-technology capital goods exports, especially nuclear energy and related exports. This must be supplemented by an enlarged authorization for the Export-Import Bank. It should be accompanied by adjustments in fiscal and credit legislation, and Administration policies and practices favoring high-technology capital formation and high-technology and agricultural exports, especially into the developing nations. An intermediate-term target of at least \$50 billion annual increase in hard-commodity exports by the U.S. should be adopted, assuming that the combined EMF, Arab Monetary Fund and Tokyo

capital market will supply new export-purchases credits in that order of magnitude.

Under those conditions, even conditions of appropriate minimal action by the Administration and Congress, by the close of 1978, the U.S. dollar should be in the range of 2.40-2.50 deutschemarks, gold should have already reached the value of \$240 per ounce, the British pound will be down to between \$1.20 and \$1.60, and the continental European, Japanese and Saudi currencies should be tightly pegged to one another.

These combined developments — a rise in the dollar, increased exports, and beginnings of re-employment in industrial firms — will establish credibility and popularity for this direction of efforts among a majority of electoral constituencies. (It is urgent that a significant number of electoral campaigns for the November 1978 elections contribute to making the constituencies conscious of such directions of economic recovery.) Tangible, if relatively modest, improvements will powerfully influence constituencies, enabling the Administration and Congress to enact bolder moves in the same direction throughout 1979.

For example, although this writer rightly criticizes the particular features of proposals by Representative Jack Kemp (R-NY) and his co-thinkers, Rep. Kemp's emphasis on incentives for "free enterprise" is in a useful direction (as distinct from the Heritage Foundation's anti-industrial capitalism campaigns), and ought to be critically supported as a nonpartisan effort moving the nation in the proper directions.

The matter of the British pound is a key issue of the process. At present, the British pound is objectively worth less than \$1.20 in ratio to a 3.00 deutschemark U.S. dollar. This is the case because of the dilapidation of the British economy. Only the vast "offshore" financial resources of the City of London and British monarchy (e.g., Hong Kong, Singapore, Caribbean Eurodollar conduits, etc.), and continued looting of the internal British economy enable London temporarily to defend the "spot position" of the pound at totally artificial values in the \$1.90-2.00 range.

However, we would not wish to bring the pound into the new monetary system at a value below \$1.20. Once British policy were altered, to emphasize use of its high-technology potentials as a partner in industrialized sector exports, a flow of capital into Britain would bring the pound up to a value corresponding to the potentialities of the British labor force. Thus, the pound should be left to float outside the new monetary system's tight valuations until firm agreements on corrections in British policies enable us to peg the pound at a proper long-term valuation.

Since the British monarchy and City of London are presently committed to wrecking the new monetary system, and are deploying their own resources and those of their allies in various dimensions to this purpose, a state of political-economic warfare exists between the London forces and the forces behind the

new monetary system — in which London's influence over the "warhawk" forces in the international "Zionist Lobby" is not an inconsiderable part of the destabilization effort. Consequently, London has forced us to resort to the policy of making financial warfare against the monarchy and City of London, breaking and impoverishing that market to the purpose of bending the British government and its policies to our will. The "terms of peace" we hold out to these present adversaries of vital U.S. interests is a commitment to reconstruct the British economy as a viable partner in the global economic recovery which the new monetary system makes feasible.

U.S. Policy Implications

The heart of the new monetary system's efforts is primarily human and secondly economic as such. Knowing that the majority of the populations of the "developing nations" are not yet culturally oriented to readiness for modern industrial technology, we dedicate two generations of high-technology inputs to that sector to bring the modal level of the average working adult in that sector up to what might be termed "competitive" cultural standards.

This process begins on two fronts. In the "developing sector" there is, in each region, a variable portion of the population which is more or less immediately employable in various forms of "competitive" industrial and related urban technologies. Otherwise, there is a rural population which is susceptible to efficient assimilation of the application of U.S. agronomical techniques through mediation of irrigation, desalination, soil-building and mechanization inputs. For the latter purpose, there exist strata in the "developing nations" which can mediate the introduction of improved agricultural technologies into illiterate strata of agricultural producers.

For the long term, the development of industrial expansion in the developing nations draws upon the labor force freed from rural occupations through the benefits of technological advancement in agriculture. In other words, our objective over the next half-century is to reduce the necessary agricultural component of the labor force down to between the 5 percent and 10 percent ratio of the labor force as a whole, replicating both the general experience of industrial development and the experience of the U.S. most emphatically. U.S. agronomical science and related expertise — the lessons of California's Imperial Valley — are a vital vector in this overall process. As agricultural technology advances, as new generations emerge into adulthood under the impact of advanced agricultural technologies, the surplus portion of the rural population's youth migrates into urbanized forms of employment, being thus a suitable, assimilable labor force for expansion of the industrial sector.

Two generations are required — in terms of the

limitations of "human factors" — to accomplish this result in full.

Overall, the process has the following principal features. The large-scale development projects — such as the Nile development association projects, Sahel development projects, Ganges-Brahmaputra riparian development project, etc. — provide the inputs of high technology through which the cultural levels of the general populations associated with these regional projects are pushed upward. By scaling these projects' industrial segments to the portion of the populations of the regions which are ready for urban assimilation, and by properly applying advanced agronomical techniques to rural projects, we make each project economically profitable over fifteen to twenty-five year periods, with many segments of each project becoming profitable within a four-to-eight year period.

The economic basis for creating sufficient credit to cover the periods of financing such various projects is the raising of the levels of industrial output in the industrialized nations way above breakeven levels, and increasing social productivities in the industrialized nations by accelerating capital formation vectored by advanced technologies. The expanding surplus product of the industrialized nations is divided into retained investments and a portion dedicated to overseas long-term investments. This latter portion becomes the economic basis for long-term global investments.

This policy does require shifts in the social composition of the labor forces of the industrialized nations themselves. We must reverse the recent trend, which has been away from skilled industrial and related operatives. The emphasis must be placed on high ratios of skilled and semiskilled industrial, construction and mining operatives, plus a rising ratio of scientists and engineering personnel employed per 100 industrial and related operatives. There must be a deemphasis of the ratio of "service employees" and governmental and private bureaucracy. This shift, mediated by high rates of productive capital formation, provides for a rapid expansion in the effective tangible output of useful goods per adult member of the population, and raises the effective rates of per capita social productivity accordingly.

Widely accepted economic-theoretical doctrine, the doctrine on which the incompetent, counterproductive prevailing notion of Gross National Product is premised, would argue differently. That matter, the incompetence of the leading accredited economists, is dealt with in a section below.

For the moment, it is sufficient to underline the fallacy of the notion that the fact of a sale does not certify the object sold as of economic value in any meaningful sense, nor does the apparent (nominal) value added in the price of a sale have any necessary correlation with an augmentation of the total output of national wealth.

An included central feature of the implementation of the new world monetary system is the required reorganization of overextended debt generally, and nonperforming debt of nations — especially "developing nations" — most emphatically. The appropriate methods and procedures must become understood as an integral part of U.S. policy.

Debts to the International Monetary Fund and World Bank, entities whose creditors are national governments, can be subjected to debt moratoria without injury to the banking system. Moratoria on account of such indebtedness, especially by developing nations, should be the general medium-term procedure.

Debts to dubious Eurodollar market banks, such as the illegal-drug-funds-tainted banks of Hong Kong, Singapore and the British West Indies, should be subject to suspension of payments pending completed investigation of the character of operations of the banks involved.

Debts to governments may be reorganized by bilateral agreements between debtor and creditor governments.

Regular international financial debt to the commercial banking institutions of industrialized nations should be reorganized in the following way.

The developing nations should create national *development banks*, national banks of their governments which mediate hard-commodity and related credit between the institutions of the new monetary system and the internal economy of the corresponding developing nation. In consequence of the ties of such banks (and, in appropriate cases, regional development banks) to a gold-reserve monetary system, the debt instruments at low interest issued by such nations' reorganized financial institutions have a premium value as negotiable instruments with central banks associated with the new monetary system.

The long-term, nonperforming or overextended external financial debt of developing nations to industrialized nations' commercial banks should be reorganized by the issue of new, low-interest, long-term bonds, exchanged for the existing debt held in the portfolios of the indicated commercial banks. Although the new instruments may have no significant immediate cash yield available, the qualities of guarantees standing behind them render them prime paper for purchases of rediscounting among central and other banks of the new monetary system.

This procedure has two essential functions. First, it reorganizes the external financial debt of developing nations in such a way as to remove impediments to new influxes of development capital. Second, it converts the questionable paper held by industrialized nations' commercial banking systems into negotiable reserve assets.

This set of procedures is effective under condition that the social productivities — in terms of per capita tangible output of useful goods — of both debtor and

creditor nations are rising, and that the tax base of both creditor and debtor nations' governments is being increased through economic growth. The new, long-term credit being created, both for reorganization of old debts and issuance of developmental capital, is secured, in the final analysis, by the growing margins of per capita social surplus (in terms of tangible product) in increasing volumes of world trade. On condition that we are committed to technological progress-driven global economic growth and rising social productivities, financial reorganization amounts to rescheduling debt-service payments and other capital charges to the point in time those amounts can be paid without causing an interruption of trade growth.

Soviet Participation

The creation of a new, gold-based monetary system dedicated to technologically driven global economic growth permits participation of the Soviet Union and other socialist economies, since the gold-reserve arrangement enables such latter economies to participate while keeping their internal economies (socialist) at arm's length from the internal financial life of capitalist political economies.

Assuming that gold must be approximately ten percent of the total reserves held by central international institutions of the world monetary system, and that the initial reserves of the new monetary system are in the order of \$100 billion, approximately \$10 billion in gold, at \$240 an ounce, should be held initially by such institutions (apart from central banks of nations). Soviet sales of gold for rouble-debt credits to new monetary institutions and to central bank would lever a growth of Comecon sector debt-carrying capacity, to the mutual advantage of both the socialist sector and the capitalist members of the new monetary system.

There is no problem with the economic value of debts incurred by the Comecon sector as a whole, since the economic growth of projects for which the debts are incurred adequately secures the value of the debts over an appropriate term. However, it is necessary that this economic soundness of aggregate Comecon sector debt be reflected in the monetary arrangements. The development of the new monetary system provides the means for enhancing the economic soundness of Soviet and other socialist countries' debt, and for increasing the world monetary order's power to carry economically sound Soviet and other socialist countries' debts.

The Soviet Union, in particular, is not presently able or directed to meeting obligations through exports of consumer goods into the markets of industrialized capitalist nations. It does have a rapidly growing capability for selling energy and critical categories of finished raw materials and semifinished work-ups of such raw materials into the markets of Western Europe and Japan — for example. It also has an

excellent existing or in-sight capability for exporting categories of capital goods and engineering services into the developing sector, a capability which could be substantially increased through general reductions in production of armaments.

For related reasons, mere "East-West" economic cooperation does not realize efficiently the full potentials for cooperation among the capitalist and socialist industrialized nations. A coherent, integrated set of "East-West" plus "North-South" economic development agreements remedies such deficiencies. The Comecon sector's deficits on account of balance of imports over exports in trade with the industrialized capitalist nations is easily settled through "East-West" cooperation in large-scale development projects in the developing sector.

With aid of U.S. agronomical scientific and applications competence, the social productivity of Comecon agriculture per capita and per hectare can be substantially increased. This will lower the social cost of living within that sector while increasing the trained labor force for Comecon-sector industrial expansion. This will create an expanded potential for import of capital goods by the Comecon sector, and consequently increase the Comecon sector's contribution to the developmental process.

Under such conditions, the mutual interest of socialist and capitalist industrialized nations in the benefits of global economic development provide a durable material basis for subsumed agreements respecting *political* cooperation between industrialized capitalist and socialist nations in the developing sector region.

This coincides with the fact, that neither Africa, Latin America, nor the subcontinent of Asia, nor Southeast Asia wish to be the bloody battleground for an ideological conflict between capitalist and socialist powers. The leading forces of these developing nations desire, preeminently, economic and cultural development, and the development of their nations into durable, prosperous republics. The essential conflict between developing nations and leading industrial capitalist nations has been a result of the heritage of British, eighteenth-century-style colonialism, and the imposition of the policies of the colonialist Adam Smith to the effect of perpetuating economic and related backwardness, and labor-intensive poverty in the former colonial and semi-colonial regions. The tendency for socialist revolutions within this region has certainly not been the outcome of maturity of capitalist economic development in such nations, but rather, the subjugation of those regions to a City of London domination of capitalist world financial markets has prevented a healthy capitalist development within those regions.

If the industrialized capitalist nations repudiate the policies presently promoted by the City of London, IMF and World Bank, and instead establish a new monetary system dedicated to global high-technology

development of industry, agriculture and infrastructure, the source of irrepressible conflict between developing and industrialized nations is removed. Under those conditions industrialized socialist and capitalist nations can cooperate in the economic development of developing countries, with a fine disregard for a developing nation's preference for a capitalist or socialist constitutional republican order. The character of developing sector republics ceases to be a matter of potential conflict between the United States and the Soviet Union.

Under such arrangements, neither the U.S. nor Soviet Union have any source of conflict between them in Western Europe, or any other region. The establishment of a powerful, mutual long-term interest in benefits of global development creates the premises for agreements of political cooperation. Once those conditions are established, present disarmament and related agreements (SALT, MBFR) and negotiations are transformed from negative efforts to halt armaments-related problems, into positive extensions of economic and political cooperation.

This happy result in U.S.-Soviet relations is by no means guaranteed at this moment of writing. In the May 1978 accords between President Leonid Brezhnev and Chancellor Helmut Schmidt, both parties adopted a policy for general settlement of East-West and North-South relationships. Both parties, each for his own part, committed his nation to a policy consistent with the recommendation we have outlined here. However, there is more than a moot possibility that the efforts of Brezhnev and Schmidt might fail. In that case, general thermonuclear war between the two superpowers would be a virtual certainty for the medium-term ahead.

If the policies of the City of London, IMF and World Bank were to prevail, and if the USA were to continue to support such policies, the proposed measures of "fiscal austerity," subversion of national sovereignties of debtor nations, and emphasis upon labor-intensive (backward) "appropriate" technologies would require totalitarian regimes of hideous aspect for their implementation and would lead quickly to economic-genocidal results, especially among the economically fragile Less Developed Countries (LDCs). The African policies of former Secretary of State Henry A. Kissinger are exemplary of the kinds of U.S. policies which would commit the U.S. to such effects.

In such a circumstance, the entire developing sector would become a domain of combined, hideously totalitarian regimes, economic genocide through hunger and epidemics, and coups, countercoups and smoldering insurrections. The "geopolitical" implications of a NATO-backed network of totalitarian regimes throughout the developing region vis-à-vis the Soviet strategic posture means an unavoidable conflict between the superpowers in the developing regions, leading inevitably to a general thermonuclear war.

Thus, a combination of continued U.S. support for the IMF and World Bank policies, plus a confrontationist posture toward the Soviet Union (e.g., the "China option"), means that the Brezhnev forces and policies in the Soviet Union must soon give way to a "Jacobin" combination bent on winning an impending thermonuclear war. The two superpowers then become locked into a war-oriented posture, as the deterioration of the developing sector and depression-fostered political rage in the NATO countries leads the world along the path into inevitable war.

Unless the new world monetary system is put into place quickly, the policies of the City of London, IMF and World Bank quickly put to one side, and the policies of Kissinger repudiated by the USA, we shall quickly slip into a virtually irreversible countdown toward thermonuclear World War III.

2. THE ECONOMIC ISSUES: ABCs ON THE IDB

In this report it is desirable to avoid secondary and tertiary issues which do not bear essentially on the policy issues at hand. There is one issue, which might appear secondary or tertiary at first glance, for which such economy of effort can not be served. Without the slightest exaggeration, what passes for accredited academic economics in most corporate, congressional, trade union and other influential policy circles is axiomatically incompetent. This same incompetence governing the principal circles of "economic advisors" to policy-making is the principal *subjective* reason the U.S. dollar has been imperilled, and is also the principal *subjective* reason for continued U.S. governmental bungling on the dollar issue since the crisis of August 1971.

Let us quickly state what we do not mean to say in this connection. We are not saying that all academically accredited economists are ipso facto useless persons, nor are we asserting that they have not gained certain kinds of competence through experience. Some of them are intelligent and useful persons — apart from the crippling flaw of their foolish belief in what passes for accredited economic doctrines.

One of the most efficient ways of pointing up the axiomatic incompetence of the Milton Friedmans, J.K. Galbraiths, et al. and their credulous admirers, is to study prevailing U.S. economists' attitudes toward the economic-theoretical thought of the two principal island economies of the industrialized sector, Japan and Great Britain. To the West, Japan has been a perennial "economic miracle" of industrial progress since the close of the U.S. Civil War. Japan's theoretical economics is directly based on the U.S.'s Federalist-Whig schools of Alexander Hamilton and

Henry C. Carey. To the East, the British economy wallows in industrial decay, an economy whose colonialist and imperialist history has conditioned those islands to subsist chiefly on looting the production and credit of other nations. *Comparing the vigorous prosperity of Japan with the rotting dilapidation of England, Scotland and Northern Ireland, the majority of our U.S. "economic advisors" insist that "experience teaches" the vastly superior wisdom of the British schools of political economy!*

The malignant influence of the dominant, incompetent doctrines of leading groups of "economic advisors" to the U.S. policy-making process takes the following practical form. Whenever some element of corporate, banking, trade union leadership, or governmental policy-making arrives at proposed courses of action which are in fact competent in direction, the "economic advisors" intervene with masses of statistics and other impedimenta of their propaganda to argue that the policy under consideration is unsound from the standpoint of the ABCs of accredited economic thought. Alternately, incompetent legislative and other measures proposed by the Brookings Institution and ideologically allied institutions are often pushed through the federal and other administrations, the Congress and corporate and banking executive bodies chiefly on the basis of "authoritative" arguments determined by the incompetent but generally accredited doctrines of academic and related economics.

The corporate production manager, numerous bankers, and others tend to grope toward economic and related policies which are more or less sound, and do so on the basis of their experience with the effectiveness of technologically oriented improvements through capital formation, both as means for raising the levels of social productivity, improving product quality, and as means for providing more-skilled, and higher-paid jobs in expanded gross employment. Increasingly, especially during the late 1960s and 1970s, these thrusts in decision-making have been frustrated by a combination of "environmentalist" activities and influence and the monetary arguments of circles of accredited "economic advisors."

Three influential bodies of economic advisors are exemplary of the general problem. These are the President's Council of Economic Advisors, the Joint Economic Committee of the Congress, and the very influential Brookings Institution. This writer has had direct and indirect dealings with past and present members of the President's Council of Economic Advisors, a fact which obliges him to acknowledge that a certain quality of competence and intelligence exists there. Similar qualifying observations should be made respecting other quarters. Despite the certain qualities of competence and personal intelligence so encountered, these qualifications exist despite the varieties of economic doctrines espoused in such precincts. As institutions reflecting the views of such

private think-tanks as the Brookings Institution and academic economic doctrine generally, both the CEA and JEC have been at best predominantly obstacles to competent policy-making in the White House and Congress, and at worst the principal conduits for incompetent economic and monetary policies in the U.S. government.

Essentially, British doctrine has dominated U.S. academic and other institutions increasingly since 1879, and has established a virtual dictatorship in academic and related professional currents since the anarchist's assassination of President William McKinley.

We have, consequently, the paradoxical situation that the economic and political strength and world influence of the United States was made possible by the Federalists and Whigs, including Abraham Lincoln's Presidency most notably, but that those achievements are ignorantly and falsely attributed to the wisdom of that British outlook and policy, against whose influence every fundamental accomplishment of the United States has been won. The American tradition in economic policy now situates its principal seat of influence in Tokyo, while American achievements are being subverted and nullified by the spread of British incompetence westward from our East Coast centers of British ideological contamination.

Admittedly, the circles allied with Milton Friedman frenetically believe themselves to be the purest apostles of American "free enterprise," and thus presumably, the industrial capitalist system. In fact, as we shall summarily show here as part of the duty of this chapter, Milton Friedman is a raving anti-capitalist, a pro-feudalist, by both political pedigree and the content of his doctrines for practice.

More importantly, we shall concentrate in this chapter on summarizing what does in fact represent the ABCs of a competent body of economic thought.

The International Development Bank

The *International Development Bank* proposal of 1975 rapidly became an influential topic of discussion in leading circles of both the developing countries and parts of the OECD nations' leading circles. This process was interrupted by the 1975 Rambouillet conference, and by actions taken by Henry A. Kissinger personally to wreck a scheduled important meeting featuring this writer, in Paris, during November 1975. Threats of various sorts against governments and prominent figures of both the industrialized nations and developing nations induced those circles to reduce sharply the visibility of their contacts with the writer and his immediate associates.

Nonetheless, through many channels, including the work of Guyana's Foreign Minister Fred Wills and other courageous leading persons, the Colombo Resolution of August 1976 was put through. Although the key responsables behind the Colombo Resolution were immediately targeted by Henry Kissinger and

London for ousters and, in some cases, attempted assassinations, the momentum of both Colombo and IDB concepts continued. During 1975-1977, the IDB continued to have a high profile of attention in various leading financial and political circles, pro and con. In this way, the IDB influenced the thinking of forces pushing the development of the new world monetary system, IDB conceptions working their way into the policy-planning process in various and numerous direct and indirect ways.

Among the influences the IDB intersected was the thinking radiating from a leading faction of Japanese. These leading circles in Japan, which trace the lineage of their economic thought inclusively to Hamilton, Friedrich List and Henry C. Carey, have progressed in their further development of economic theory to conclusions largely identical with those this writer first developed during the 1952-54 period. Since the IDB intersected agreeable outlooks among French Gaullists, Catholic humanists, Islamic humanists, and others, it contributed to bringing these forces together in a marginal but significant way.

This special potency of the IDB proposal as an intellectual influence among such circles is derived from the body of economic-theoretical thought from which the IDB itself was derived.

Although this writer's genre of political-economic outlook is most directly traceable to Gottfried Wilhelm Leibniz, as interpreted from the vantage-point of the American experience, he added to the millennia-old currents of Platonic and Neoplatonic humanist economic policy-outlook a specific solution to the most crucial among the formal problems of economic theory, establishing this important discovery during 1952-54. This was accomplished by applying an understanding of G. Riemann's relativistic physics gained with aid of the work of G. Cantor to solve the central formal fallacy of Karl Marx's three-volume *Capital*, the problem of how to account for the "vector" of technological progress as the fundamental parameter of economic progress.

This new discovery in the domain of formal economic theory enabled the writer and, later, his associates trained in that discovery, to approach old types of problems with a new conceptual capability. The conceptions of solutions to major economic and monetary-system problems obtained in this way intersected the need for such new solutions among various influential circles. Consequently, although the political-intelligence activities of the writer and his associates have been the obvious, active side of winning interest in the IDB's conceptions, in the final analysis the IDB was influential because it was an important "new idea whose time had come," an idea which dovetailed with the earlier, frustrated efforts of Gaullists and others to establish a new, gold-based world monetary system to replace the bankrupt and decaying Bretton Woods system.

In American tradition, the writer's economic theory

represents a continuation of the Federalist-Whig schools of economics on which this nation was founded and the basis for its achievements provided. The economic theoretical work of this writer is a continuation of the current earlier represented by Benjamin Franklin, Alexander Hamilton and Henry C. Carey. This is not properly surprising, since the guiding outlook of this writer's work is the same Neoplatonic outlook traceable from Leibniz through the circles around Franklin, Lafayette, d'Estaing, Vergennes, and Turgot, in making possible the American Revolution and the U.S. constitutional democratic republic.

In terms of these cited background considerations, the relationship of the IDB to the new world monetary system has several notable facets for discussion and appreciation. First, the IDB in that form is now a global fact, a central reality confronting U.S. foreign policy, which therefore only an incompetent in the Carter Administration or Congress could ignore. It is only in the process of being established, admittedly, but it is one of the only two foreign-policy options actually available to the U.S. government, one of the only two options for the future of the U.S. dollar and the U.S. economy. Second, not only must the U.S. government — among other U.S. agencies and forces — consider the IDB policy's advantages to U.S. vital interests. The economic-theoretical policies embedded in that new monetary system's design are a full-fledged, complete alternative to the varieties of academic and related economics doctrines heretofore hegemonic among "economic advisors" to governments, banks, industrial corporations, farmers, and trade unions. It is these two aspects of the IDB which must be foremost in the attention and concern of every responsible official.

Now, in the remainder of this present chapter, we shall accomplish the following things bearing on the issues of economic policy in general. First, we shall summarily identify what Milton Friedman and the Heritage Foundation's "free enterprise" campaign represent in reality, as distinct from what Friedman and the Heritage Foundation represent them to be. Second, we shall develop the ABCs of a competent economic policy, identifying the crucial features of this writer's fundamental discovery without going in this location into the more sophisticated features of that point. Thirdly, we shall return to the issue of British economic doctrines, proving our charge that Milton Friedman is an anti-capitalist, pro-feudal economist, and representative of a way of thinking entirely alien to the most vital interests of the United States — and, indeed, the vital interests of the human species.

Friedman's Feudal Pedigree

Milton Friedman is a spokesman for a foreign organization, the Mont Pelerin Society. The Mont Pelerin Society, a Switzerland-based organization

established in 1947, is a "front organization" for the German-Austrian-Swiss branch of the Maltese Order, the international secret society of the European feudal aristocracy headed by the present Queen of England.

In respect of formalities, the mother organization for the various branches of the Maltese Order is a British-Canadian organization named the Most Venerable Order of the Knights of St. John of Jerusalem. The command of this British branch of the Maltese Order is identical with the top command of British secret intelligence, and with the ruling forces in both the City of London and the Canadian banking system. The most relevant organization of British intelligence controlled by the Maltese Order is the Round Table, for which the Royal Institute of International Affairs (RIIA) and London International Institute for Strategic Studies (IISS) are exemplary cases. (U.S. members of such organizations are *formally* agents of the secret intelligence service of a foreign power.)

The principal partner of the British monarchy in this network is the Dutch monarchy, including the Orange-Nassau organization. There is a powerful branch associated with the Hohenzollerns and other aristocratic houses in West Germany (Federal Republic of Germany). The best known branch of the Maltese Order, after the British, "mother" branch itself, is the Rome-based Sovereign Military and Hospitaller Order of the Knights of St. John of Jerusalem. There is a curious, other branch, known ordinarily as the Knights of St. John of Jerusalem, which, following Napoleon's conquest of Malta in 1798, fled to Russia, and then migrated to North America during the 1905-1917 period, presently embedded in the "captive nations" organizations in the U.S., Canada, and Latin America.

Although many persons of other than aristocratic family pedigrees have been admitted to branches of the Maltese Order since the 1815 Treaty of Vienna, the Maltese Order is essentially an international society of the feudal nobility, the present-day continuation of the British post-Vienna-1815 puppet-organization, Metternich's Hapsburg-led Holy Alliance.

This does not signify that all individual members of the Maltese Order are complicit with the British and Dutch queens. Numerous members of the Rome-based order, for example, are factional opponents of the British, Dutch and Swiss elements of the Order. For example, Italy's present Prime Minister, Giulio Andreotti, a close associate of Pope Paul VI, and formerly a loyal associate of the leadership of Pope Pius XII, was sent into the Maltese Order as part of the Pope's effort to break up the power of the Maltese and to contain the evil British influence involved.

For purposes of public edification, the Maltese Order hides its dirty operations behind "charitable works." The most notable expression of this traditional (Hospitaller) feature of the Order today is the nineteenth-century development of the

International Red Cross. The Red Cross's charitable activities serve the masters of the Maltese Order as an excellent cover for espionage and other dark operations, and Red Cross facilities are frequently used by British intelligence and its allies as an instrument for assassination and other dark operations.

Historically, the Maltese Order is a nine-hundred-year-old instrument of the Guelph forces (the British royal house of Hannover carried the proper surname Guelph), or, since the Black-White Guelph struggles of the late thirteenth and early fourteenth centuries, the Maltese Order has been associated with the Black Guelph feudal aristocracy. Hence, the alternate name, "black nobility."

From the last half of the fifteenth century through the American Revolution, the Maltese Order was associated predominantly with the Genoese tax-farmers. It was under Genoese direction that the Maltese Order organized the Inquisition in fifteenth-century Spain, and later created the Jesuit order and the Jesuit's "Black Popes" as instruments of the power of the alliance between Genoa-centered Black Guelph forces. During the subversion of Elizabeth I's reign, especially during the 1593-1603 period, the Cecil family, together with the Genoese puppet, the Edinburgh-based Stuart family's forces, took over the British monarchy and British Secret Intelligence Service. During the seventeenth century, the Genoese and their Jesuit tools took control of the House of Orange, developing Genoa, Rome, Geneva, Amsterdam and other financial centers as the base of their financial and political power.

Except for the period of the English Commonwealth, Britain and British intelligence has been an integral part of the Black Guelph forces from the death of Elizabeth I in 1603 to the present day. After Napoleon's dissolution of the sovereign power of the Maltese Order, it was the British monarchy which reconstituted the Maltese Order in England, and which fostered the Order's power in France, Germany, Italy, and other nations.

With the emergence of the Rothschilds and Oppenheimers as among the best known international bankers for the Maltese Order during the nineteenth century, a Jewish-name component of the Maltese Order has grown into its current prominence as the London-based international "Zionist Lobby." Lord Evelyn Rothschild's position as head of British secret intelligence's Round Table exemplifies this point. The Joint Distribution Committee and, since 1967, the Jerusalem Foundation are the chief nominal assemblies of the Jewish division of the Maltese Order — although the leadership of the Jerusalem Foundation overlaps both the British branch of the Maltese Order and British secret intelligence in both Britain and Canada.

These forces control the City of London, control financially the international illegal drug traffic of tens

of billions of dollars annually, presently control the "offshore," unregulated Eurodollar market, and control and subvert U.S. banking and corporations through networks penetrating into New York City and other U.S. extensions of the City of London investment banks.

Although the Maltese Order and its extensions of power are principally based in England and Holland, the Maltese Order is, juridically and in fact, a sovereign power without confinement of a specific national territory. Controlling members of the Order thus represent in this way the agents of a supranational sovereign power alien to the United States, as do leading members of such Zionist subsidiaries of the Maltese Order as the Joint Distribution Committee, key forces within the B'nai B'rith's Anti-Defamation League, and the Jerusalem Foundation. It is important to emphasize inclusively that the Zionist organizations are not creations of the nation and people of Israel, or of Jewish interests as such, but rather the Zionist organizations are controlled from above as instruments through which the Maltese Order maintains a dictatorship over Israel, through such circuits as the networks associated with Ord Wingate's activities.

The Maltese Order also controls the main instrumentalities of the Socialist International. It created and controls the anarchist international entirely. It also controls international terrorism, using "black nobility," Maltese financier networks, the Socialist International's "black" networks, the anarchists, and London-controlled elements of Zionist and Israeli intelligence as part of the apparatus coordinating international terrorism. The World Federalist movement, Amnesty International, the networks of the London Institute for Race Relations, the international networks of the Institute for Policy Studies, including Philip Agee's present associates, are also terrorism-linked branches of the Maltese Order's networks.

As Henry C. Carey emphasized during the nineteenth century, *the British economy is not capitalist, but a mixed economy*, combining capitalism and feudalism under the hegemony of the British monarchy and the monarchy's tax-farming private investment banks of the City of London. The so-called British doctrine of political economy was created by the Edinburgh division of the British Secret Intelligence Service, developed under the supervision of top British intelligence executive David Hume. It was Hume who pulled the compulsive liar and hoaxster Adam Smith from Glasgow, where Smith wrote the anti-Colbert and anti-American tract, *The Wealth of Nations*, under direction of the British monarchy's Secret Intelligence Service. Smith and Hume were also involved in creating the Odin cults later key in directing the Nazi organization in Germany. Hapsburg Vienna, and the Vienna School of political economy and "logical positivism," were extensions of the same feudal, anti-republican outlook.

The same networks to which Friedman is intellectually attached produced Bolshevik economist N. Bukharin. Bukharin was first developed as an agent of the Maltese Order's "socialist division" at Vienna under Bohm-Baewerk, et al., and completed his indoctrination under Vienna-trained Rudolf Hilferding of the Socialist International. Bukharin then became a sub-agent of super-agent Alexander Helphand (Parvus), together with such other sub-agents as Karl Radek and G. Riazanov. For a time, L. Trotsky was a protégé of Parvus.

During the 1920s, N. Bukharin was the top-ranking Anglo-Dutch agent within the Soviet Union, fighting against Soviet industrialization in the interest of Royal Dutch Shell's privileged prices for Caucasus petroleum and Anglo-Dutch financiers' control of Soviet grain exports — and hence, Soviet credit. (The case of Trotsky during that period is more complicated. Following the spring of 1917, Trotsky was psychologically overwhelmed by the personality of V.I. Lenin, and was shifted in his outlook considerably, as well as retaining an impassioned personal loyalty to the memory of Lenin throughout the remainder of his life.)

The present strategic significance of the Bukharin, Radek, Riazanov and Trotsky cases is that the leading circles of the Soviet government and party have always been divided between the heirs of Leibniz, Benjamin Franklin, and Tcherneyshevski, and, opposite, the spiritual heirs of Jeremy Bentham and Jean-Jacques Rousseau. The former are "orthodox Marxist" in the sense that they regard capitalism as a progressive form *as long as capitalism reinvests profits in high-technology, productive capital formation in industry and agriculture, and develops republican forms of development of the technological-cultural level of the populations*. The heirs of Bentham and Rousseau, by contrast, the "Jacobins," regard profit as inherently "evil," where Marx regarded it as necessary and positive, and are ideologically and otherwise committed to a "principled struggle" against industrial-capitalist development.

If the Bukharinists and neo-Trotskyists within the Soviet leading strata should displace the associates of Brezhnev and Kirilenko from leading positions, and if the OECD nations followed the policies of Henry A. Kissinger and Kissinger's British masters, a general thermonuclear war during the medium term is a virtual certainty. If the new world monetary system prevails, and if the heirs of Leibniz and Tcherneyshevski prevail in the Soviet leadership, then we shall have global peace and prosperity — since, under those conditions, the evil forces in Peking would not dare to wreck the peaceful world order.

A glance at the pedigree of the Heritage Foundation's campaign for "free enterprise" underlines the main points of the problem. The Heritage Foundation was reorganized in 1975, and is now under the exclusive direction of a combination of directors who are either members of the Mont Pelerin Society or members of British secret intelligence

proper (IISS). The resources of the Olin Foundation, plus those of the Eli Lilly Endowment, are at the disposal of the British intelligence services' Heritage Foundation outlet.

If the propaganda of the Heritage Foundation is more closely examined, we find the same expression of concern voiced by the London-linked investment bankers in New York City. They are engaged in war against the Bremen agreements, fearful that the creation of a new monetary system would interfere with the London "private banks" dictatorial, supranational control of world finance and economy. They object to governments' interfering with a world financial dictatorship by the Maltese Order! These are the same forces behind "zero growth," behind the current effort to destroy the U.S. dollar, and the effort to plunge the USA into a depression worse than that of the 1930s.

Milton Friedman, a shameless neo-Schachtian, is the best known U.S. apologist for this horror.

Two Schools Of Economics

Both Alexander Hamilton and Henry C. Carey were explicit and correct concerning the fundamental differences between the American System and the British System. These differences and their implications were the basic issues impelling the American colonies to make the American Revolution, and the issues which caused Britain to continue to attempt to physically divide and destroy the United States until 1863. These are the issues behind the successive waves of British subversion of the United States until the Specie Resumption Act of 1879, the act through which the U.S. economy became enslaved to the City of London financial markets.

On the first level of inspection, the key to these differences between the American System (industrial-capitalist republicanism) and the British System is exemplified by the Norman Domesday Book. The Domesday Book sets forth a fixed yield of "nature's bounty" and a fixed rate of rental payments in kind to the feudal nobility in perpetuity. This feudal outlook is axiomatic within the geometry of Milton Friedman's way of thinking.

Over the thousands of years of struggle between humanists and oligarchists within Mediterranean-centered civilization, the oligarchist faction (known in Christian theology as the "Whore of Babylon") was based upon an alliance of parasitical aristocratic landlords and usurious tax-farming financier families. In order to perpetuate their power, the relatively small number of allied aristocrats and usurers developed mass cults modelled on the phrygian cult of Dionysus. The synthetic cult of Isis and Osiris and the Roman cult of Bacchus are replications of the phrygian cults. Masses of crazed "zero growthers," drawn variously from culturally-imbecilic rural and pastoral forces, or from cult-crazed urban youth, often using drug cultures to madden these strata, were employed as an anti-technology social battering-ram against the humanist forces. The humanist forces (e.g., Platonics, Neo-

platonics), were otherwise known as "city builders," dedicated to creating cities as centers of technological and cultural progress for both urban and agricultural populations.

Over the millennia, the economic-policy side of the issue between humanists and oligarchists was as follows. The humanists, the city-builders, located the source of wealth in the realization of scientific and technological progress, through which the power of the individual over nature was increased, increasing social productivity in this way. The oligarchists argued that the sole, ultimate source of wealth was the "bounty of nature," man's extraction of a fixed aggregate amount of wealth embedded in "natural nature."

The Norman Conquest, organized by Hildebrand of the Roman banking family of Pierleoni, was a deployment of oligarchist forces against the relatively progressive Saxon England, a strategic strike against the northern flank of the Holy Roman Emperors. In consequence of the Norman Conquest, a genocidal retrogression in English culture ensued, with the Norman rulers dedicated to preventing an economic recovery. The Norman Domesday Book establishes that "zero growth" policy of economic genocide as British law.

As an economic historian, Karl Marx was a credulous dupe. Ignoring the Tudor, Colbertist, and earlier development of theoretical and applied political economy, Marx traced the development of capitalist political economy from Petty and Stewart through the French Physiocrats, and through Adam Smith and Ricardo, pronouncing the British model and Ricardo's doctrine the objectively determined high-water marks of lawful capitalist development. Although Marx's real achievement in political economy originated in his correct refutations of axiomatic errors among the Physiocrats, Smith, Malthus, and Ricardo, Marx's political-economic historiography and his appreciation of the British economy were governed by outright frauds. Marx did not create those frauds, but he credulously incorporated them into his work.

In spite of the oligarchical faction, the humanist (Neoplatonic) forces of Europe created capitalism, and integrated the superiority of capitalist technology and culture with military capabilities. The oligarchist opponents of capitalist development were obliged consequently to adapt to this reality, to tolerate industrial-capitalist development within their states, as the necessary price of developing the military and related capabilities for combatting republics led by humanist forces.

Modern British history expresses this.

Modern history begins in the aftermath of the Black Death of the middle fourteenth century.

France, which had had a prosperous population of twenty million persons during the early thirteenth century, had approximately half that population later under the rule of "Philip the Fair," an oligarchist who connived at the genocidal ruin of his nation, and placed the Templar Order's wealth at the disposal of the oligarch's Sovereign Military and Hospitaller Order of St. John of Jerusalem. This continued geno-

cide turned the depleted population of central Europe into a forcing-culture for epidemic disease, a condition into which China added its principal contribution to civilization, bubonic and pneumonic plague. The Black Guelph's medieval prototype of the IMF's Witteveen policy engendered a chaos and ruin which debilitated Black Guelph power itself. The dominant Black Guelph bankers of that period, Peruzzi and Bardi, went bankrupt.

The humanist, "White Guelph" faction, which had been savaged, but not destroyed, moved to regain its power during this period. The leading political heir of Dante Alighieri, Petrarch, organized networks from his position at Avignon, producing, among other by-products, the Brotherhood of the Common Life. The humanist rulers of Byzantium, the Paleologues, contributed to this same process. The Conciliar movement took control of the Papacy away from the Black Guelph forces. During the first half of the fifteenth century, the humanist movement surged forward. Florence emerged as a center of this, under the intellectual leadership of Plethon and the political leadership of Cosimo de Medici.

During the last half of the fifteenth century, despite the Roman bankers alliance with Turkish Muhammed II to crush Constantinople, France's Louis XI, an ally of the humanist forces of Italy, recreated France as a nation, and also increased its gross and per capita income manifoldly during his reign. Louis XI and his allies intervened in England, to the effect of triggering the rise of the Tudor power in England. Under the leadership of the Dudleys — a key family in the English Commonwealth and in the founding and development of the Massachusetts Bay Colony, England became the center of the humanist forces of the world, up through the capitulation of Elizabeth I to Genoese forces about 1593.

England was neither homogeneously good, nor untroubled in its Tudor development. "Bloody Mary" was an agent of the oligarchist forces, as was Maltese puppet Mary Stuart. The Cecil family, with its Francis Bacon, were treasonous agents of the Maltese and Genoese. Nonetheless, despite these oligarchist creatures, under the humanist forces around the Tudors, capitalist development was launched in England.

With the Black Guelph seizure of England during the 1593-1640 period, the center of the European humanist struggle shifted to France's House of Navarre (the Genoese and their Jesuit agents had subverted the Netherlands following the death of Elizabeth I). With the Jesuit murder of France's Henri IV, two forces for humanism developed in Europe. In France, this force centered around Cardinal Richelieu and his successor, Cardinal Mazarin; in England, the Commonwealth faction. With the Stuart Restoration of 1660 and the subsequent fall of Colbert, Mazarin's and Richelieu's heir in France, civilization was in peril. The American colonies remained as the last potential hope of civiliza-

tion, the margin of force which might enable the humanist forces of Europe to resume their struggle.

During this dark period following Marlborough's campaign, it was the remnants of the networks of Colbertistes in France, the Commonwealth Party faction in England, and the networks of Gottfried Wilhelm Leibniz, which coordinated largely "under cover" to prepare the reemergence of humanist power. This effort centered upon a joint commitment to develop the North American English-speaking colonies as the strategically decisive weapon against the British monarchy.

During the eighteenth century — contrary to lying but popular myths — France was the major industrial power of the world, the economy in which the highest rates of technological progress were occurring — despite the bestiality of a feudalized rural life. The alliance of French Colbertistes with networks of Leibniz and with the American and English associations of Benjamin Franklin were the center of an American Revolution launched in fact during the 1760s. The bankruptcy of the Amsterdam, Geneva and London banking systems during 1772-1773 gave the humanists the opportunity to launch both Turgot's campaign in France and the American Revolution.

The capitalist revolution — the struggle for a capitalist republican order — launched earlier in England and France, came to fruition in the establishment of the United States as a constitutional democratic republic in the 1789 inauguration of George Washington.

Alexander Hamilton's report on public credit, proposal for a national bank, and report on manufactures, established as U.S. policy during the first Washington Administration, are the essence of the American System, the humanist republican policy and order which Benjamin Franklin and his European allies fought to bring into being during the last half of the eighteenth century. With the successful British destabilization of the Federalists, the republicans around John Quincy Adams, and Henry C. Carey, created the American Whig Party, whose mid-century spokesman became Abraham Lincoln, a Clay-Carey Whig. Carey's conception of the American System and Lincoln's humanist republican policies were identical to the extent that Lincoln perceived the tactical maneuvering-room for his practice.

With the British assassination of Lincoln, the political strength of the American System rapidly ebbed, through the effects of the British "carpetbagging" looting system against the defeated Southern States. The U.S. thus became, increasingly, the victim of British financial and ideological subversion.

The British strategic and intranational circumstances created by the development of industrial capitalism obliged the ruling Guelphs to accommodate to the reality of capitalist technology while attempting to prevent capitalist development from transforming Britain into a republic modeled on

the United States. The writings of that fraud and liar, Adam Smith, like the earlier observations of the oligarchist apologist Petty, express the groping of the Guelphs toward a form of accommodation to capitalist technology which would not undermine the rule of the Guelphs and their City of London financier allies.

It is to be emphasized that capitalist economy is a product of the influence of Plethon, and the achievements of France's Louis XI, which made possible the Tudor development of rudimentary forms of capitalist ownership as such in England. However, mercantilism and usurious tax-farming finance are thousands of years old, and represent an unbroken continuity of financier networks from ancient Babylon down to the present. The "Whore of Babylon" against which the New Testament warns, is very much with us today. Its names today are the Most Venerable, and the Sovereign, Military and Hospitaller, Order of the Knights of St. John of Jerusalem, and its Rothschild-led auxiliaries.

What Milton Friedman represents today is a version of capitalist economy in which the industrial capitalist element is merely a source of the equivalent of ground-rent income to a ruling combination of oligarchists and financial usurers parasitizing upon the produced wealth and credit of nations.

Those forces, associated with Irving Shapiro, which control the du Pont firm's interests by virtual terror in the interest of the Maltese Order, are the same forces which shout the loudest concerning "free enterprise." It is the same with General Motors, with Ford, with Citibank, with Chase Manhattan, not to speak of smaller industrial and banking agencies. "Free enterprise" for whom? "*Freedom of the Maltese Order from interference by the sovereign will of peoples as expressed through their republican governments.*"

The essence of Friedman's economic doctrines is a simplistic replication of the ancient doctrines of ground rent and tax-farming superimposed upon an industrial-capitalist productive structure, which structure is treated political and economically theoretically as a source of ground-rent. In a word, *monetarism*.

Mrs. Joan Robinson some years past justly ridiculed the miserable Milton Friedman as a degenerate parody of Keynes, as a foolish monetary mechanic of the school of "post hoc ergo propter hoc." Although we are usually unsparing in our contempt for Mrs. Robinson's doctrines, in this case we must admit that Mrs. Robinson rightly identified a personality much, much lower on the intellectual order than herself.

In principle, there is no axiomatic difference among Keynes, John Stuart Mill, Hjalmar Schacht, John Kenneth Galbraith and Milton Friedman. Friedman is notably distinguished among such strata for his relative stupidity and incompetence. They are all feudalist apologists for the Maltese Order, all explicit or at least de facto agents of a sovereign power committed to the destruction of the United States dollar and economy.

In the case of the illiberal Friedman, the ugliness, the folly, the virtual treason are merely most obvious.

Misguided President Richard M. Nixon embraced Friedman's policies, and followed them to the extent that the dollar was unnecessarily wrecked, successively in the spring of 1970 and the spring and summer of 1971. In August 1971, Nixon, John Connally, and others, with ineffable mutterings of gloom from Arthur Burns, submitted to the follies demanded variously by the City of London and Representative Henry Reuss. With this wrecking of the dollar, Nixon's efforts to collaborate with France's President Pompidou to implement the "Rogers Plan" were effectively sabotaged. Nixon, then, became an easier target for the treason of Henry A. Kissinger and his cronies.

McNamara, an apostle of the same British worldview from the vantage point of accounting practice, wrecked the U.S. strategic capability under Kennedy and Johnson, with his "cost benefit analysis" and related correlatives of his "body-count" approach to military strategy. Under the supervision of British agent James R. Schlesinger, the Brookings Institution and Rand Corporation plan for creating the Office of Management and the Budget was implemented, wrecking the government's ability to administer a Federal budget.

Profederalist monetarist idiocy does indeed dominate U.S. policy-making to date.

The ABCs of Economics

The key point of the American System, on which any competent development of economic theory and policies must proceed, is Hamilton's devastating discrediting of the physiocratic doctrine and demonstration that technologically caused advances in the productive powers of labor are the sole ultimate source of wealth.

It should be underlined in this connection, that cultured Americans know and are organically committed to the proposition that the realization of technological progress through productive capital formation is the policy effecting improvements in products, incomes and general cultural conditions of social life, and that this policy is also the only effective way in which to increase the tax base (reducing per capita taxation in respect to proportions of income), and to constantly expand productive employment and opportunities for advancement in skill and income of employees generally. Although the ordinary citizen may lack a competent knowledge of political economy, his correct perception of the need for technological progress and expanding capital formation may be regarded as his organic commitment to the American System.

It is that "organic commitment" embedded in the opinion and practice of the majority of our citizens, at least into the 1960s, which is the political source of our

nation's economic and related achievements and global power.

The function of theoretical economics is primarily twofold. First, it must account for the deeper, lawful reasons the cited "organic commitment" of American citizens is a correct policy, enabling our citizens to understand how the American System works, how they may cooperate more effectively within it to their personal and national advantage. Second, the deeper study along the same lines is the uniquely acceptable body of knowledge which ought to guide policy-makers in selecting policies which actually realize the objectives to which the American System is dedicated.

The most efficient proof of Hamilton's argument, for purposes of more thorough scientific appreciations, is obtained by examining critically the "thermodynamics" of the history of our species. If we trace out the internal "thermodynamics" of the changes in mode of production of tangible wealth since the Pleistocene, especially since the Paleolithic period, we discover the two following primary facts in successive order. (Cf. Figure 1)

First, examining the necessary, useful input to human production in terms of calories employed by various modes of production, we discover a rising ratio of such caloric throughput per capita in the successive phases of progress of humanity. Second, examining the same data more closely, we observe, as the figure tabulates, that the rate of increase of caloric throughput increases exponentially.

Although increased per capita energy throughput is the correlative of man's ability to create the material preconditions of our species' continued existence, this does not occur simply as a direct appropriation of added amounts of energy. The increase in energy throughput is made possible by inventions which have the aggregate effect of advances in scientific knowledge and, as a correlative, general advances in technology.

The source of the discovery, transmission and assimilation-for-practice of these discoveries is the individual's creative-mental potentialities.

This historical-paleontological fact concerning the human species as a whole absolutely distinguishes our species from all plant and animal life. Even the most advanced animal species are unable to alter their "genetically predetermined" ranges of behavioral adaptation in such a way as to produce a secular increase in energy throughput per capita, and to alter their species' ecological population potentials in this way. These species lack the creative-mental potentialities to increase (develop) such potentialities from generation to generation such that a secular trend of advances in mental power to command natural process results.

As this process of human development proceeds, man supersedes the adequacy of those man-made and natural conditions of production and life which were adequate for preceding generations. Old resources are

depleted, either in absolute extent or in the sense of increasing reliance upon relatively marginal resources. Unless new resources are developed, or unless increases in energy throughput per capita enable societies to extract resources as cheaply as earlier, the growing costs of marginal resources increase the social cost of producing a human being, leading toward an "ecological crisis," and ultimately genocidal contraction of the society.

The only policies tolerable for the human species are policies which simultaneously foster the development of the creative-mental potentialities of the citizen, and which dedicate the surplus product of society to realizing advances in the scale and technology of production.

This twofold requirement is reciprocal. To foster general advancement in the creative-mental powers of the population it is necessary to establish a climate of technological progress, such that the individual values the productive and related activities of himself and other persons in terms of creative-mental powers. The discovery, transmission and learning-for-practice of new scientific and related knowledge, as this functions as the dominant feature of social productive life, causes society and its individual members to value persons for creative-mental qualities and for the development of those distinctively human qualities. As this valuation of oneself and other persons is cultivated, so society benefits with new scientific and technological advances from the fostered increase in creativity of its citizens.

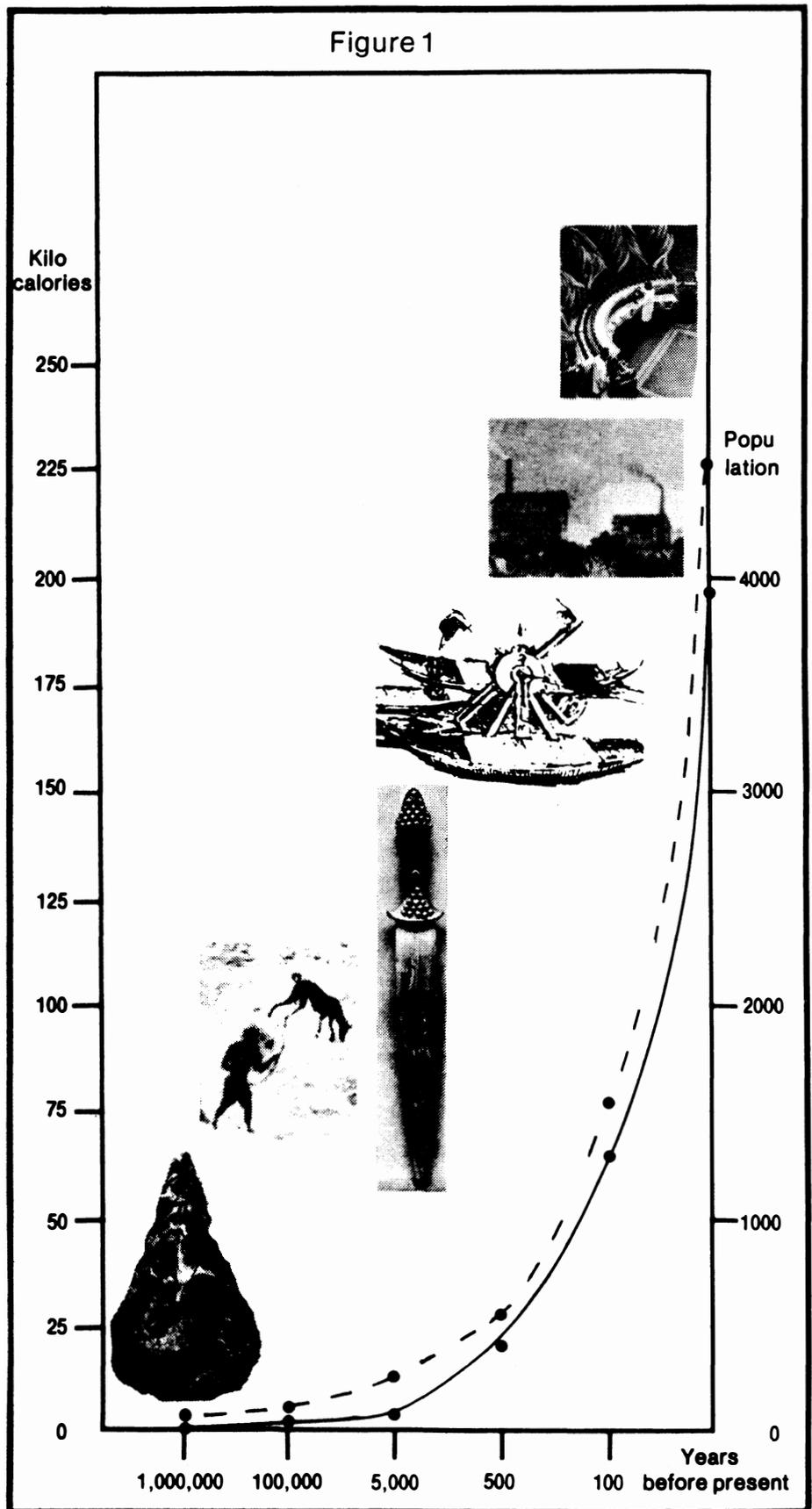
Speaking in broad terms, that same conception of man and society is the humanist policy of the ancient city-builders, the Platonics and the Neoplatonics. That is the conception which motivated and guided Benjamin Franklin and his leading American and European collaborators in creating the United States. This is the conception of the republic, as that notion is associated with Plato and later with the Neoplatonics.

The notion of a *republic* is of a state with a combined national and global purpose, to which that state is dedicated, and by which it is self-ruled on behalf of both its existing population and that population's posterity into the indefinite future. This purpose is to create a society subservient to the nature of man, man as distinguished from lower beasts by his potential for the development of his creative-mental powers. A state must be so organized that each citizen is obliged to value himself, herself and others for the development of mental-creative powers, and for the practice of those powers in such a manner as furthers the process of progress to higher levels of scientific knowledge, and higher rates of scientific advancement of knowledge. A state so constituted and ordered mediates the progress of humanity as a whole just as a single creative citizen of a state mediates the progress of his or her nation as a whole.

The notion of a *constitutional* republic is derived as a remedy for the moral weakness of the majority of

citizens in even a republic. In the final analysis, natural law ought to be so obvious to adult men and women of reason that no constitutional statement of natural law ought to be required. However, in all societies to date, only a relative handful of citizens, at best, have developed to the state of reason — to become what Plato's Socrates describes as "golden souls." Most citizens, at best, are not developed above the level of "mere understanding," logical knowledge, and the majority of citizens are ruled most of their lives by carried-forward infantile impulses of narrow, sensuous greeds (mere "bronze souls," tarnished bronze souls at that). Hence, because citizens in general continue to suffer the tarnish and imperfections of mere "silver souls" and "bronze souls" — to continue with the "Phoenician myths" of Plato's Socrates — a rule of law is required, in which natural law is set forth as a body of explicit constitutional law which stands above the power of legislatures to alter it in any ordinary legislative way. Constitutional law not only establishes the essential institutions of government and of governing, but embodies the principles of natural law in such explicit terms that presidents, legislators and judges are obliged to submit to the explicit language and associated original intent of that Constitution.

Hamilton's *Report on Manufactures* (1791) expresses not only the fundamental national policy of George Washington's two terms as President, but directly reflects the underlying intent of the framers of the U.S. Constitution.



Hence, the revisionist schools of U.S. history and law, such as those of Charles Beard, Thurman Arnold, Edward Levi, William A. Williams, and the "force doctrine" of Justice Holmes, betray and reject the fundamental principles of our constitutional republic. It is the appointment of judges to the federal courts who are either unable or unwilling to accept the Neoplatonic notion of natural law as the governing intent of the U.S. Constitution, which has contributed perhaps more than any other corruption of our governing institutions to the British monarchy's efficiency in subverting our nation. Such judges ought to resign or be impeached for that reason, for reasons of their lack of qualifications or inclination to render judgments according to the intent underlying the U.S. Constitution.

Natural law is not to be understood as merely physical-scientific knowledge, as that knowledge is generally accredited at any given point in its progress of improvement. *Natural law*, at least as that term is to be applied to constitutional law and jurisprudence generally, pertains to the characteristic features of the ongoing process by which successful overthrows of preexisting scientific knowledge have been effected. *Natural law is the generalization from the successful mobilization of the development of the creative powers of mind to effect man's successive revolutions in scientific knowledge.*

In other words, natural law pertains not to any currently accepted body of physical-scientific knowledge, but to the process of creative discovery by which successful revolutions in science are effected. This notion of natural law is also properly the fundamental axiom of economic theory.

In the work of Plato, his Ionian predecessors and his successors, the notion of creative progress in scientific knowledge is associated with the special term, *the hypothesis of the hypothesis*. Hypothesis is the source of all immediate scientific knowledge, since it is hypothesis, not mere inductive observation and experiment, which produces concepts standing above all known previous conceptions and conceptions of experience. (Newton's *hypothesis is not necessary* coincides with the evidence that all Newton's purported contributions to knowledge were in fact plagiarisms of the work of Hooke, Huygens, Leibniz and others, who employed hypothesis to arrive at such results.) Behind successful hypothesis stands a higher order of hypothesis, hypothesis respecting the methods of forming original conceptions which predictably lead to useful results in the domain of particular knowledge.

The problem posed by scientific work in particular, and also by economics, is that true inventions of merit, precisely because they are not given to us by either past experience or by induction from such experience, represent a leap forward beyond all experience into the possibilities for future forms of practice. In science, we cannot know in advance that a particular yet-undiscovered hypothesis is necessarily correct in

detail. What we can predict, in a certain sense, is whether a certain method of developing hypotheses leads scientific discovery toward or away from fruitful discoveries in general. It is, thus, the hypotheses which pertain to method, as distinct from particular discoveries, which are the most essential feature of the organization of education generally and all scientific work in particular. In economic policy, progress of society depends upon discoveries for practice which, by their nature, cannot be foreseen until the original, future discovery is actually accomplished. In consequence, the essential thing in economic policy to order society's economic affairs so as to enhance the production of new, useful discoveries by individuals. *The hypothesis of the hypothesis* indispensable to creative scientific work is identical, epistemologically, with a sound economic policy, a sound economic theory.

Hence, competent economic theoretical work must focus primarily on examining the processes by which technological progress is fostered, in contrast to those other varieties of policies which hinder or abort technological progress. Technological progress is the axiomatic basis for a competent economic theory. An economic theory which rejects technological progress, either axiomatically or by consistent exposition of its method, is ipso facto an incompetent economic theory. Any economist who tolerates notions of "environmentalism" demonstrates himself or herself to be entirely incompetent by that evidence alone.

Figure 2 outlines the ABCs of competent economic thinking.

Referring to the bar-diagrammatic scheme of figure 2, we have the following crucial observations.

The possibility of realizing technological progress depends upon increasing the term of maturation of the young. The age of "school-leaving," so to speak, must be raised. This involves a double increase in cost per capita. Not only must each added individual be sustained as a nonproductive person for a greater number of initial years of life, but the costs of providing education and other forms of cultural enrichment must be sustained. This is offset by increasing the longevity of the population, from the thirty-five to forty-five age-range characteristic of developing nations' populations to the order of seventy to eight years of reasonably healthy and productive maturity which hygiene, medicine and so forth are bringing in reach in the USA. Moreover, a cultured population requires more leisure than a population at a lower level of culture.

So, unless technology were effecting high rates of growth in social productivity, a population could not "afford" to develop its people into competence for high-technology forms of employment.

We divide the population of a society according to the apportionment of households determined by proportions of the productive labor force. Our primary division is between those households whose working members are engaged in production of *tangible* forms

Figure 2 depicts labor as the output (right side of the Population Bars) of the mature segment of each population, and thus as input to the corresponding Production Bars. The consumption upon which the existence of the population-households depends is an input (left side of the Population Bars) from the output of production (right side of the Production Bars).

In the agricultural bar, V represents the portion of total agricultural output consumed by farmers and agricultural labor; C represents seed, fertilizer, farm equipment, and so forth; S represents the social surplus of agriculture. In the industrial bar, the same general significance of the symbology applies. C is the proportion of total output consumed to maintain the equi-potentiality for production of plant, equipment, machinery, materials and energy. V is the proportion of output consumed by households from which industrial labor is to be recruited.

The category S or social surplus has meaning in terms of three sub-segments: "d" is the proportion of output consumed by industrial capitalists and management, and by other occupations which are *socially necessary* but non-productive (see text); S' i is the portion invested in expanding the production of that national sector; S' e is the portion of social surplus from that sector exported as investment or aid.

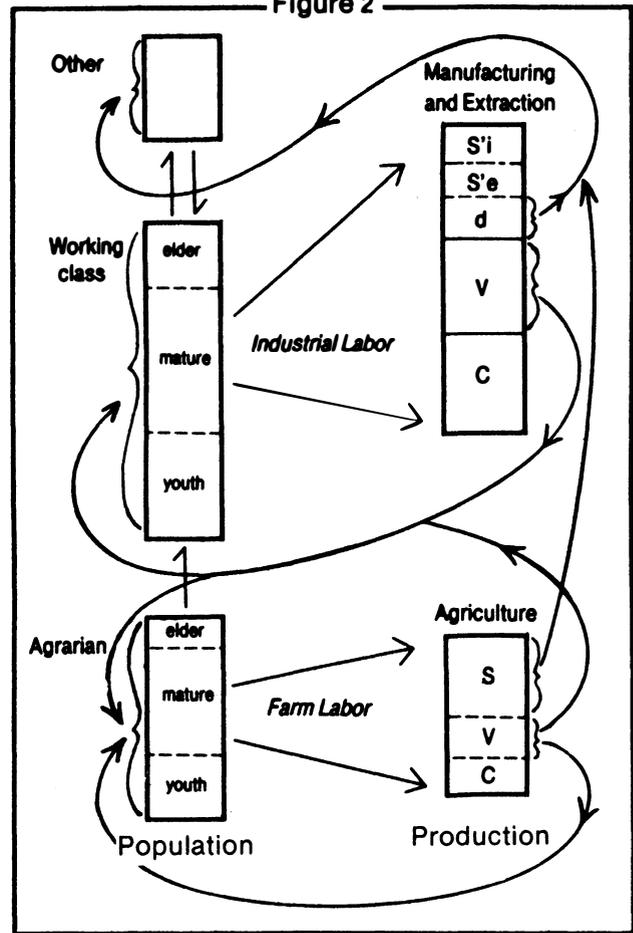
To describe these categories' relationships, we derive:

For agriculture: $S/(C+V)a$

For Industry: $(S' i + S' e)/(C+V)b$

Our object is to increase both ratios, while increasing the scale of the population corresponding to the "b" at the expense of that corresponding to "a". The theoretical treatment of these ratios is given in the text, emphasizing technological innovations which have an apparent "instantaneous" tendency to accelerate the growth of the ratio $S'/(C+V)$. Hence, the central principle is Development.

Figure 2



of useful wealth, and households of persons otherwise employed. The term "productive" is properly applied only to those "operatives" engaged in the production of useful, tangible forms of increase of wealth. These "operatives" represent the direct or variable cost of production of wealth. Every other social cost of employment is at best a necessary *indirect cost* of production.

Indirect cost is not a disparagement of that activity. The scientist, who creates no new wealth, nonetheless performs an essential contribution to the society's power to increase its social productivity. The teacher is indispensable for creating wealth-creating powers in the students. However, the teacher whose students are not usefully employed "produces" economic waste. The production of tangible, useful wealth is the sole parameter of productive labor. Other forms of labor may be *useful* and *necessary*, but they are not *productive*.

It is not a matter of taste. Any method of economic analysis which does not make such a rigorous distinction is intrinsically incompetent for that sufficient reason.

The quality of tangible output of wealth, *usefulness*,

must also be defined. Primarily, what is useful is that consumption of capital goods, materials, household goods, and so forth, which is a direct cost of maintaining production and maintaining a labor force qualified for necessary existing and emerging forms of production. This is only the conditional, preliminary definition of usefulness. We shall proceed to clarify the matter.

Since the mere perpetuation of an economy, even in the hypothetical condition of zero expansion, depletes the man-altered natural and other resources on which production depends, the longer a society persists in a fixed mode of production (fixed levels of technology) the more it converges on a marginal depletion of resources which will impel the society toward material decay. It is only that progress in technology which supersedes the limited-resource definitions of previous technologies which enables a society to progress and prosper.

Consequently, the definition of *necessary and useful* cannot be applied merely to that consumption which perpetuates existing productive processes and maintains a labor force at an existing level. Progress is the imperative. That consumption which is necessary to

mediate technological progress and growth governed by technological advances is the necessary and useful consumption, the true costs, of an economy.

Since a constant level of production and technology means decay of a society, as we have indicated, it is only the apparent increase in per capita rates of output of tangible wealth by a society which can absorb the marginal decay and also enlarge the magnitude of wealth production. *Hence, as Hamilton argues, it is the use of science and technology to increase the productive powers of labor which is the sole primary source of all wealth, the sole measure of all value of wealth.*

Indirect costs — science, commerce, education, administration — enter into the equations of economics as they affect the primary parameters of economy. They must be judged as they represent the efficient indirect costs of increasing the rate of technological advancement of production at the required rate of such growth.

If a nation's monetary system is pegged to gold reserves, under conditions of open market prices for purchase of such gold reserves, the advancement of technology has the effect of devaluing nominal old capital advanced relative to the per capita *social costs* of producing earlier a dollar's worth of current value. For the capitalist, the industrial capitalist, this devaluation of money represents no problem, since the effect of technological progress in social productivity increases the rate of profit on industry and agriculture as a whole. However, this same progress is a loss to banking institutions constituted according to British and related doctrines of monetarism. So, to the financier forces associated with the Maltese Order, technological progress and high rates of technologically advanced capital formation in industry and agriculture represent a profound threat to what they view as their vital interests.

This is reflected in the policies of the U.S. Labor Party against those of the Heritage Foundation and G. William Miller. The Labor Party proposes to bring the U.S. dollar to a value of 3.00 deutschemarks, through raising the level of utilization of existing productive capacities, increasing the rate of productive capital formation, and by rapidly increasing the volumes of U.S. high-technology capital goods and agricultural exports. This is the method of increasing the value of the dollar by increasing the value of its content. The monetarists, "fiscal conservatives" such as G. William Miller and the Heritage Foundation, propose to save the City of London and IMF by bringing down the value of the dollar and by collapsing levels of U.S. production and consumption, so as to increase the ground-rent extracted parasitically from the U.S. economy as a whole.

Third World Applications

The foregoing summary of economic principles is key to the International Development Bank proposal and the new world monetary system. The basic stra-

tegy, as we have noted, is to use existing and in-sight advanced technologies for combined industrial, infrastructural and agricultural projects which have the effect of raising the per capita output of developing sector populations from hundreds annually toward Western European levels in the thousands annually. Extended over a population of over two billion persons, this means an annual increase during this century in the order of tens of trillions of dollars output by the developing sector (minus China) alone. The cost of reaching those increased levels of output is in the order of between \$200 and \$500 billion of grants and investments in the developing sector annually.

There ought to be nothing brand new in this to any educated American. This is precisely what the United States accomplished in repeatedly assimilating the underdeveloped portions of its native and immigrant populations rapidly (over at most two to three generations usually) into the most productive labor force in the world.

In this enterprise, we are investing in the innate creative-mental potentialities of people, knowing that one to two generations are required to bring most of the population of the developing sector up to Western European or U.S. cultural levels. We are using existing and in-sight technologies — "technology transfer" — to mediate the rapid transformation of the labor force of the developing nations. We are limited most notably by the scale on which those populations can assimilate new technologies, which rate is presently ostensibly in the order of between \$100 and \$200 billion annual additional capital investment.

By issuing credit against a portion of the aggregate idled productive capacities of the industrialized nations, and by expanding the capacities of those nations, we raise the levels of output to provide, simultaneously, the \$200 billion or more required for high-technology exports from industrialized to developing nations, and create a further margin of savings from production within industrialized nations to provide for a capital formation boom in the industrialized sector.

The entire enterprise, the entire policy, is properly the ABCs of economics — of competent economics. It is merely necessary that the debt-service be scheduled in such ways that there is a safe margin allowed for the projects to come into profitable production more rapidly than the debt service is accumulated.

The process of development will have two social polarities. At the one extreme of the population of the developing sector, we create productive employment in industry, construction and other urban occupations for those portions of the existing and potential labor force culturally prepared to assimilate effectively relatively rapid training for these positions of employment. At the other extreme, we must bring the large mass of the populations, the chiefly illiterate and uncultured rural populations, into modern culture through high-technology inputs into agriculture. At differing rates throughout the developing sector, this

process will be marked, over a half-century, by a shrinking rural component of the labor force.

Let us concentrate first on the agricultural component.

With the existing and potential achievements of U.S. agronomical and related biological science, and the practical expertise of our own farmers, we can build around the low-skill levels of developing sector farmers by such means as irrigation, soil building, development of suitable plant strains, and approaches to mechanization which bypass the illiteracy and related problems of industrious farmers. The exact methods applied from place to place will vary according to political and other circumstances, but the general principles remain the same.

Obviously, our objective is to increase, first, the yields per hectare, and second, to increase the number of fecund hectares per farmer. Given sufficient volumes of energy, for water supplies and irrigation, for soil building and maintenance, for mechanization, and with sufficient density of agricultural service stations and mechanized equipment service facilities and personnel, we can bring up the per-hectare yields for developing sector farmers at a rising rate over a four-to-seven-year initial period of installation and stubbornly patient training and guidance of the farmers. After something in the order of four to seven years, this direction of development should begin to become economically self-sustaining as an investment project in each well-designed and managed installation.

The second objective in agricultural development is to increase the number of hectares per farmer. This depends upon the cultural level preexisting or developed in the rural population. In general, taking the developing sector as a whole, we must aim to reduce the rural component of the labor force to ratios comparable with the industrialized nations over a fifty-year period — two generations — of development.

The proportion of the labor force freed from rural occupations by development is a principal source for further expansion of the industrial-urban labor force.

The urban-industrial labor force immediately in sight in developing nations is composed of two broad classifications. The first is represented by those more literate, more skilled employable persons who can be assimilated into new high-technology industries through induction and training periods comparable to those prevailing in employment assimilation in the industrialized nations generally. The second grouping is made of those others who can be advanced from low skills to semiskilled qualifications over a period of years of upgrading through combined work experience and education. This assumes periods ranging modally up through four to six years. The employment of the first group involves no special problems not ordinarily confronted in the successful practice of multinationals (for example). The second grouping focuses our attention on the key social problems involved in the developmental effort as a whole.

The approach to be taken is, in summary, this. An urban environment of combined work exposure to high technology and suitable education of employees *and households* provides the material-cultural preconditions for the individual's technological development. This must be supplemented by political-cultural efforts, creating the appropriate "ideological" climate for the cultural development process of the individual employee and his or her household.

A parenthetical observation respecting U.S. experience with upgrading attitudes and learning-potentials of hard-core ghetto youth is useful at this juncture. Efforts to increase achievement in schools have tended to fail, most immediately because of a mixture of neighborhood and peer-group conditions and ideologies. This was aggravated by efforts to bring the standards of education down to the achievement levels less challenging to deprived groups, (e.g., "black English"), rather than concerted efforts to bring the deprived group's members a credible self-image of a person able to achieve at "competitive levels." What most severely frustrated efforts to bring groups out of deprivation *as groups* was the subjection of the student to the influence of the "drop-out" and "rock-drug" countercultures, the correlated promotion of "antitechnology" particularist sub-group subcultures, and the want of credible patterns of employment opportunities for the kinds of employment implied by "competitive levels" of learning achievement.

To bring a population out of poverty levels of cultural aptitudes and social productivity, it is not sufficient to provide the material preconditions for fostering achievement; it is indispensable to counteract the explicitly and implicitly political ideologies which variously glorify or endorse anti-achievement cultures, which play upon the deprived group's potentiality for "reaction formation" to cause the group to view the correlatives of cultural failure as a group cultural characteristic to be defended against "outsiders' criticism."

It is exemplary of the point that the great pre-1000 A.D. Islamic culture centering around Baghdad and Fatimid Cairo was destroyed internally through the Seljuk Turk's promotion of an antisience cult around the figure of demagogue Al-Ghazali. Under the banner of Al-Ghazali's irrationalists' manifesto, *The Destruction*, a combination of widespread burning of scientific books and related indoctrinational measures destroyed the vitality of Islam from within. Although Islam recovered partially from Al-Ghazali under the influence of Hassan ibn Saba and other foci of revival of Islamic Ismaili culture, the damage done to Islam by the eleventh century movement around Seljuk protégé Al-Ghazali aborted Islam's progress more or less permanently, establishing the preconditions for Islam's general destruction and ensuing decay through the Mongol conquests.

During the reign of Caliph Haroun Al-Raschid, the area of modern Iraq sustained a population in the

order of thirty million persons. Today, the same area supports under ten million persons. The decay of that region, persisting over nearly a thousand years to date, was the consequence chiefly of the antitechnology ideological influence of Al-Ghazali and the Turkish-Mongol barbarian conquests.

There is a reciprocal relationship between providing the material preconditions for cultural progress within a population and the political outlook which prompts the citizen to view his nation and himself as characterized by a dedication to scientific and related achievements. One of the most serious obstacles to successful cultural progress in regions of the developing sector today is the influence of the old British colonial office's policy now parading under the euphemistic title of "cultural relativism." The indoctrination of sections of developing sector populations in cults and myths which are represented as expressing their particularist form of "ancient cultural heritage," such as the ideologies employed by British secret intelligence's London Institute for Race Relations, are the greatest single obstacle to economic development internal to the developing sector itself.

The economic-development program outlook we have outlined will succeed, but only on condition that we and leaders of developing nations act to discredit and eradicate the influence of "cultural relativist" cults, and create a political environment in which the individual associates his nation and himself with the development of creative-mental powers for scientific and related progress. There can be no economic progress in a nation which tolerates "environmentalist" and related ideologies. *Only a nation which accepts and efficiently pursues a proscience policy is an acceptable credit risk for development investments and grants.*

Although it might be profitable to sprinkle high-technology investments into the developing sector in the same general manner U.S. investment has flowed into industry in Latin America in the past, that piecemeal approach is contraindicated as the basic general approach to the effort before us. The kinds of economic performance we require demands that each investment be situated in a "controlled economic environment" most favorable to its success. Rather than putting plants into old urban cities, and attempting to patch up inefficient old urban centers to accommodate new plants, it is cheaper and far more effective to build entire new cities "from scratch," to contain groups of industries gathered around the new energy-production facilities to power the plants, the cities as a whole, and to supply energy and technological support to surrounding rural regions. Rather than attempt to patch up an existing agriculture for slightly improved results, it is cheaper and more effective (over a fifteen-to-twenty-five year term) to rebuild the soil and environment to ensure a predetermined result. Therefore, the only effective approach is one characterized by the export of three principal cate-

gories of tangible, high-technology products: entire new cities (of from 100,000 to 500,000 population) including energy-production facilities and industries as an integral part of the city as a unit-product; regional agricultural development projects as a unit-product; and supporting infrastructural packages as unit-products.

For the delivery of such unit-products, U.S. major exporting firms must assemble their resources (including, implicitly, those of their vendors and sub-vendors) in concert with foreign countries' firms, effecting a working complex of "master contractors" functioning along the lines of the NASA effort and representing a U.S. equivalent to Japanese "trading company" groups. These U.S. "trading companies," in partnership with master contractors of other nations, then sell entire nuclear-powered cities, high-technology regional agricultural projects, and nationwide or regionwide infrastructural projects as unit-products.

These master contractors, *the city-builders for the twenty-first century*, are the entities through which large-scale, long-term credit is mediated among the industrialized nations, the developing nations, and the central institutions of the new world monetary system.

The obvious financial approach should be employed. Each project is financed in programmed phases as a medium-term construction loan. As the construction of the unit-product is completed, the construction loans are replaced by permanent loans which become the long-term bonded indebtedness of the national development banks of the purchasing nations. Through obvious means, the credit developed around the master construction contracts is reflected as credit to vendors and subvendors of the master contractors in the exporting nations, and to nations from which the master contractors, vendors, and subvendors purchase for production. With the use of long-term financing for these projects, credit for capital formation expenditures by vendors and subvendors is built into the flow of credit on the basis of suitable rates of accelerated depreciation and amortization.

In effect, as these exemplary preceding observations underline, we are not merely constructing a new monetary system, we are constructing a new monetary system designed to mobilize the flow of credit and payments on behalf of two successive, twenty-five year global development projects, a project to rebuild the character of the global economy and international relations over a period of two generations. To put the matter in the language U.S. conservatives prefer, we are constructing a new monetary system around a set of built-in "incentives" and checks and balances which tend to cause the enrichment of those who build well and dry out relative opportunities for investing in counterproductive and useless enterprises.

THE GNP HOAX

One of the key contributing reasons the U.S. economy has failed to perform as required over recent years is the use of the current doctrines of Gross National Product and Income accounting. GNP is defined in terms of the nonsense-conception of "Value Added." The nonsensical feature specifies, essentially, that every nominal form of "Value Added" is treated as equivalent in respect to the incrementing of national wealth. Keynes' illustrative case, the government putting unemployed on WPA-type projects to first dig holes and then refill them, would be accounted as an addition to GNP. So are revenues from sales of illegal drugs, incomes of owners of gambling establishments, income from prostitution. Indeed, if most of the national labor force were employed in prostitution, and the income of prostitution either accounted or estimated, a growth in prostitution revenues would be considered proof of the "free enterprise system's" miraculous propensities to maximize employment and augment national wealth. The monthly and annual GNP and National Income figures would prove this wondrous arrangement to be in effect.

There are two fundamental errors involved in the notion of GNP. The first is gross, and unforgivable. The second is more sophisticated, and therefore those errors are forgivable in that sense.

First, the measure of additions to national wealth must proceed with useful, tangible output for export, capital consumption and household consumption as the exclusive *primary* parameter — as we indicated above. Other useful and necessary costs — administration, education, and so forth — are not augmentations of national income and wealth, but are indirect costs whose wealth-promoting qualities are entirely reflected in the rates of national tangible output and rates of increase of average social productivities.

The indicated incompetence of the GNP parameter as used ought to be perceived simply from examination of the decay of the U.S. tax-base and growth of inflation over the past decade.

Government and related statistics have merrily advertised the expansion of "service" and other non-productive employment (at best, indirect costs of national economy) in ratio to productive employment of industrial and other operatives, as "successful economic growth." The result, which ought to be predictable, is that the growing ratio of nonproductive employment and incomes (including indirect costs of national economy) to the productive basis means an accelerating tendency for inflation on account of circulation of purchases and sales of commodities and services alone. Lawfully, the fact of some continued cheapening of the social costs of production of commodities through technological innovations and reductions in direct production costs generally means that professional and other services rise at a substantially higher rate than costs of tangible basic commodities.

It ought to be clear that by using GNP and allied statistics as the gauge for measuring and adjusting national and related economic and monetary policies, and by failing to establish fiscal and credit incentives substantially favoring investment in technologically progressive capital formation for production of tangible wealth, the more faithfully policy-makers have adhered to the GNP parameter, the worse the "positive feedback" consequences of their misguided corrective measures.

Economics, as figure 2 above indicates, must be based in respect of *raw primary data* on examination of *social costs* of production and social-cost equivalents of consumption in respect to *the economy as a whole*. With a rising, predominately labor-intensive "services" component of the national labor force, and a continued cheapening of the direct costs of production of tangible basic commodities through cost reduction, the social costs of basic commodities rise, because of the rising relative cost of services and financing, but basic tangible commodities rise in cost more slowly than high-labor-content services. The pattern of rising borrowing costs and rising costs of professional and other services — in social-cost terms — serves as a crucial indicator of the fact that our judgment of the matter is exactly correct.

If we alter the method of national income accounting to treat useful categories of *tangible* output as wealth, and to treat other sources of income as *indirect costs* of producing tangible output, then we shall have, at worst, a sound rough set of national income statistics and analyses.

The second error in national income accounting thinking is, as we have conceded, a reflection of a more sophisticated point. Since this writer was, to all available indications, the first to solve this central problem of economic theory, the errors of economists on this account cannot be put to simple incompetence of the sort conclusively embodied in the myth of the GNP.

It is the persisting ideological obsession and blunder of most people, including graduates of higher educational institutions and others, to assume that the most basic parameters of reality must necessarily be "elementary objects" subject to ordinary arithmetical procedures of counting. It is the widespread, prevailing obsession that primary values, elementary values, must necessarily be *scalars*: such as, grams, seconds, centimeters, and a constant speed of light. So, in the domain of economics, it is assumed that scalars — an ounce of gold, an hour of average labor time, a dollar, and so forth — must be the primary, axiomatically elementary data from which economic abstractions are inductively constructed.

It is a sophisticated, but true point that the constant speed of light could not possibly be the essential invariant of our physical universe. Progress mediated by research into high-energy-density plasma processes, and related reexamination of the biophysics of

living processes, is in process of bringing that point into common knowledge of at least the most advanced scientific thinkers. Only more than a century after the death of the physicist G. Riemann is modern advanced scientific thought beginning to comprehend the deeper implications of Riemann's dissertation on the question of physical hypotheses. However, the same point is to be made in respect of economic processes — and not accidentally so.

As we have outlined the point, the thermodynamic history of the existence of the human species proves that human existence depends upon a secular, exponential growth in the effective throughput of energy per capita for production and consumption. This growth in energy throughput is mediated through inventions, inventions which in aggregate represent advanced, knowledgeable (willful) mastery of the lawful ordering of the universe's development. The name of science is properly applied not to the specific bodies of hegemonic scientific knowledge prevailing at any point in the progress of human knowledge, but rather the name of science is properly restricted to issues of the *hypothesis of the hypothesis*, to the ordered process of development of the informed mental-creative powers of individuals through which new fundamental discoveries, new revolutions in scientific knowledge are effected. In consequence of these and related primary facts of human existence, the primary parameter of human existence, the essential invariant — or, if you prefer, *transinvariant* — cannot be a scalar, but must be, in first approximation, an exponential function of a special sort.

The transinvariant of analytical reference, the reference-value for inferring "least action" in Leibniz's sense of that notion, is the required minimal values of this exponential function needed to maintain human existence in the face of the marginal depletion of the man-altered resources on which essential production depends. If the ratio, $S'/(c v)$, is used with the meaning and appended restrictions indicated above in connection with Figure 2, then an exponential rise in the value of this expression, for the condition of rising caloric content of C and V, outlines the sort of parameter which correlates with the required reference-value for the transinvariant. This reference-value describes, as calculable at any point, a kind of projected "world-line" of rising value of $S'/(C V)$ in those terms of reference. The rate of rise actually experienced through realization of technological progress must equal or exceed the reference-rate values for the projected "world-line." The schematic picture of competent economic theory implicit in this cited set of facts is consistent with the most advanced form of relativistic model of the physical universe flowing, inclusively, from Riemann's cited dissertation. That is, a universe which evolves from a physical "geometry" of order "n" to one of order "n+1," to one of order "n+2," and so forth. The denotations, "n," "n+1," and "n+2" do not "count" *a priori* geometric "dimensionalities," but are denotations of suc-

cessive, higher-ordered transfinites in the sense given by G. Cantor.

There is no proper cause for persisting astonishment in the fact that the relativistic "physical geometry" of "economic space" must be conceptually congruent with the corresponding generalized Riemannian space of expanded transfinite orders. The proofs of man's willful progress in mastering the lawful ordering of the development of the universe is not located in isolated physics experiments as such. Man's successful mastery of the universe through technological progress establishes which methods of synthesis of rigorous, crucial hypotheses lead in practice to actual mastery of the universe by man. Man's successful existence is the crucial experiment on which all rigorous scientific knowledge is uniquely premised. Physics as such succeeds because it proceeds from reflection on the proven processes of successful rigorous formulation of fruitful hypotheses in general human practice, concentrating the results of that reflection into the specific experimental domain of physics, biophysics, and others as such. It is indispensable that any professional economist worthy of being deemed competent today master the conceptual framework I have summarily identified in this way. No "economic advisor" who has not efficiently mastered those conceptions for practice should be heeded in policy deliberations.

For other policy-makers not professional economists, it is sufficient that the sophisticated truths of the matter be reduced to useful rules-of-thumb. For an economy to achieve what is rightly regarded as "breakeven," that economy must have at least a prescribed minimal rate of growth in tangible gross and per capita outputs of useful wealth — as we have defined wealth above. This growth requires, in turn, a correlated minimal rate of overall technological progress, and subsumes a correlated exponential growth in required energy throughputs.

The duty of policy-makers, including the U.S. Executive, the Congress and the federal courts, is to be governed in their judgments of U.S. constitutional intent respecting national purpose and interests of posterity, to create the environment in which the indicated requirements of growth are fostered. The further duty of the Executive, with aid and consent of the Congress, is to define the general policy lines of domestic and foreign economic policy, in broad project-oriented outlines, which in fact represent the determinable directions of national effort for achieving the required growth.

While the federal government, and other branches of government must undertake directly certain "wholesale" economic functions not efficiently accomplished by private initiative, in an industrial-capitalist economy, government economic and related activities should be limited insofar as possible to a combination of infrastructural works and services, and to the fiscal and monetary functions of government. Through these latter the government acts to

create the economic environment which favors useful undertakings by private initiative in industry, agriculture, commerce, and local banking.

The constitutional intent behind this industrial capitalist form of democratic republic is premised in the perception that invention is mediated through the self-development and exercise of the creative-mental powers of individual citizens. The fruitful development and exercise of such creative-mental potentialities is termed *freedom* — in the Neoplatonic outlook characterizing our nation's leading founders.

That is what we ought to understand in the constitutional distinction between and connection between *freedom* and *liberty*. *Freedom* and *liberty* are distinct conceptions. The former is inviolable in principle, the latter is a choice of positive law. We foster specific liberties and specific policies respecting liberty insofar as liberty is found essential to the development and exercise of freedom. The liberties awarded in the service of freedom represent the latitude and aids to private initiative in opinion, judgment and practice, which are necessary for fostering contributions to knowledge and practice to the ends of increasing the rate of growth and providing the preconditions for fostering the quality of mental and moral development of the individual citizen.

Under a Neoplatonic constitutional capitalist republic, which the USA was founded to be, the state returns to citizens the privilege of corporate existence for industry, agriculture, and other useful private enterprises — just as the Tudors awarded such patents to entrepreneurs. The "corporate" privilege is also extended informally but efficiently to personal enterprises and partnerships. This return of the economic powers of the state to individuals is done for the purpose of realizing the development of the creative powers of the individual citizen to the advantage of the nation and its posterity.

When this Neoplatonic policy respecting industrial capitalist republics is translated into the crude language of persons at the level of "bronze souls," we translate the policy in terms of "incentives."

Monetarist Nonsense

The current trends in New York City and Capitol Hill monetary policy debates would be a comic spectacle were the real problem not so serious. One school proposes to increase the monetary aggregates on "behalf of full employment," while another, now apparently preponderant, proposes high interest rates and other measures of "fiscal austerity." Some are so duped by lunacy that they propose that a devaluation of the U.S. dollar — or a general depression — will benefit the U.S. economy through "more competitive exports."

In point of fact, at this moment there are neither too many nor too few U.S. dollars in world circulation. The problem is that control of idled U.S. dollar debits has flowed largely under the control of an essentially unregulated, British-controlled, private "Eurodollar

market." If these ostensibly excess dollars were flowing at reasonable interest rates into credit for exports and production of exports, and thus into internal U.S. capital formation, the numbers of apparently excess dollars would be causing a global economic boom in exports and investments — and, of course, a boom in skilled productive employment.

How does the Fed attempt to remedy the current problems? It raises the prime interest rate and the federal funds rate, pricing credit out of the range of borrowing for ordinary trade and capital formation, pushing inflation — through rising borrowing costs — and drying capital out of productive investment into sheer speculation. *G.W. Miller is on performance, a certifiable lunatic*, whose knowledge of the self-interested U.S. monetary policy appears to flow consistently from the lead business columns and editorials of the London *Economist*, London *Times*, and London *Financial Times* of the preceding forty-eight hours.

It is recommended by a growing number, as we have noted just above, that a lower value for the U.S. dollar will benefit the U.S. economy by strengthening exports. *What lunacy!* A fall in the dollar *will increase the cost of imports*, thus accelerating U.S. inflationary rates in that way. A falling U.S. dollar means higher borrowing costs for U.S. firms, another boost to rates of inflation. It means more difficult borrowing for U.S. exporters, and thus a loss of competitiveness of U.S. exports *in general*. Some exporters — *exceptions* — may benefit over the short term, up to a year or so, but combined exporters will suffer over even the short term, and then suffer doubly in consequence of the collapse of the U.S. internal markets.

A falling dollar will tend to increase the cost of petroleum imports in particular. Cutting petroleum imports to offset this will collapse the activity levels within the U.S. internal economy, and will drive up costs of production to reduce profit rates.

There is only one basic solution to the mess: (1) cheapen borrowing costs for useful production, especially production for export, and for tangible improvements in industrial, agricultural and infrastructural capacities; (2) effect changes in tax policies which afford adequately accelerated depreciation and amortization for investors whose private actions are contributing vitally to national economic interest in the same way; (3) increase the volume of exports by fostering new markets for high-technology development projects in the developing sector; (4) terminate the City of London-centered Eurodollar market.

Others currently entertain the notion of placing the USA under "IMF conditions." This is a flagrant violation of our national sovereignty, turning us into a "Third World" semi-colony of the City of London and Eurodollar offshore banking interests. This borders on treason, as well as being lunacy.

Although most of the supporters of the lunatic measures are merely dupes or simply ignorant of the ABCs of sound economics, the hard core of pushers of

these lunacies center around Milton Friedman's accomplices and London-centered banking circles in New York City and elsewhere. G. William Miller's pedigree locates him in those same circles, as do the pedigrees of Blumenthal and Solomon at Treasury, and Richard Cooper at State. Representative Henry Reuss belongs to the same general circles, despite the secondary differences between "liberal" Reuss and "libertarian" Friedman. Senators Javits, Jackson, Kennedy, Case, and Vice-President Mondale exemplify those who belong to the same unhappy monetarist persuasions.

Following the July 1978 Bremen EEC "summit," knowledgeable press sources gave the appellation of "Grand Design" to the efforts led by France's Giscard and Germany's Schmidt. To those who know history, the use of this term signifies that Giscard, Schmidt, et al. are committed to resurrecting the Grand Design policy earlier associated with Gottfried Wilhelm Leibniz, and earlier with France's Henri IV and Cardinals Richelieu and Mazarin. Indeed, the Grand Design policy is traced back in history, through such figures as Emperor Friedrich II of the Holy Roman Empire, to the policies of Alexander the Great, the policies Alexander adopted under the influence of Plato's Academy.

Once the point is posed in those terms, the significance of the anti-Bremen campaign by the British monarchy comes into proper light. To the naive person, uninformed of Mediterranean-centered history, or misinformed in consequence of his study of academically accredited frauds called "history," the identification of the Most Venerable and the Sovereign Military and Hospitaller Order of the Knights of St. John of Jerusalem as a global anti-human conspiracy seems an eerie proposition — a debatable proposition. No person competently informed of history could regard the "conspiracy" as debatable.

For longer than recorded history, Mediterranean-centered civilization has been determined by the course of a continuing battle between two forces of the elite. One of these forces, the humanists or "city-builders," is traced from ancient *tamkaru*, such as Hiram of Tyre and Solomon of Israel, through Thales of Miletus, and through the Platonics and Neoplatonics since Plato himself. The other, rooted in known history in ancient Babylon, is an alliance of oligarchs and usury-practicing tax-farmers, dedicated to holding back technological progress, and creating and deploying wierd, sodomy and drug-tinged cults of lunatic rural, barbarian and urban-youth populations as battering-rams against the cause of humanism.

The policy of city-builders, from before recorded history, has been that of establishing new cities as centers of scientific knowledge and technological advancement amid backward populations, and using networks of such cities, networks of commerce among such cities, as the means for mediating scientific

culture into the backward populations. By exposing backward cultures to the material advantages of advanced technologies, the people affected were stimulated to exercise their creative-mental potentials in order to master new technologies.

Once a backward people is lifted out of the bestiality of relatively fixed habits of rural and pastoral life, or a depressed slum population is assimilated into the benefits of modern technology as participants, the brutalized strata are weaned away from the Hobbesian or Lockean conceptions of themselves and of other persons. They come to regard themselves not as mere "talking beasts," not mere biological individuals who serve their narrow sensuous appetites and parochial prejudices as beasts do. They differentiate themselves from both wild beasts and tame cattle, and regard themselves as human because of the practical importance placed by society upon that which is human within them — the human spirit, the human potential for development and realization of creative-mental powers.

Alexander, the military agent of the Platonic movement, began to implement this policy on a relatively global scale. Alexander was assassinated with poison prepared personally by anti-humanist Aristotle, and with Alexander's death, the forces behind Aristotle (Ptolemy et al.) aborted Alexander's Grand Design.

However, the Platonic policy embedded in Alexander's Grand Design survived the Roman Empire, and reemerged within the rise of Christianity. The Roman republic — at least the later Roman republic — was ruled by the Delphic Order, a combined religious cult, political intelligence-assassination force, and banking network of that time. Roman policy and Roman law were the creations of this evil, anti-humanist force, a conscious continuation of the evil traced to Babylon. The Roman Empire, which would be properly termed a "fascist society" in modern terms of reference, was one of the greatest horrors to strike humanity, matched only by the hideous record of traditional Chinese philosophy and culture. Consequently, it should not be surprising that Rome's sole contribution to human culture was the improvement of the arch — made possible and necessary by Roman use of baked brick. Christianity's rise freed humanity from the evil that was Rome, from the Roman continuation of the ancient "Whore of Babylon."

Throughout the Christian era, including the rise of Islam as a force for the Grand Design, Neoplatonic policy has adhered to the same course. Meanwhile, throughout this era, the forces of evil, centering inclusively around Roman aristocratic banking families which accurately trace their lineage to ancient Rome, the oligarchists have organized themselves to set back humanism, to defeat the humanist forces behind fresh efforts to implement the global Grand Design.

The modern constellation of evil dates from the eleventh century A.D., during which a group of Roman banking families centered around the Pierleoni poisoned and bought their way into control of the Papacy. Out of this coup d'état against the humanist forces of the Papacy and Holy Roman Empire emerged two interconnected forces, the Guelph aristocratic family and faction, and what evolved into the Maltese Order. From that time to the present, the forces of evil in the world have been an organized force — a global oligarchical conspiracy — centered in the Guelphs and the Maltese Order.

On the basis of the mere facts of the record, the student of history might assume that the old Maltese Order was liquidated by Napoleon's conquest of the island of Malta — sending the relics of the order skedaddling to an obscure existence among the Boyar faction of Czarist Russia — from which they fled during the 1905-1917 tumults. It would appear that the British monarchy merely arbitrarily reconstituted the order in name as a ceremonial embellishment of itself during the late nineteenth century. Since the order created the International Red Cross, and since its various branches are nominally associated with charitable works — at least for public edification, it might appear to strain a point to see the mere fact of conspiracies by leading members of the order as the heart of a global conspiracy of evil.

That cautious appreciation would be essentially mistaken. What Queen Victoria did, in putting herself at the head of the Most Venerable British branch of the order, was not to resurrect merely the ceremonial trappings of a vanished institution. Rather, this British re-creation of the order consolidated the leading oligarchical and financial forces of the Holy Alliance under rigid British and Dutch monarchy control, with the German branch and the reconstituted Rome Sovereign branch tailing in tow.

Looking at the key personalities of the Maltese Order — factional opponents of the British and unwitting coopted persons discounted in the process — we see in the interface of the command of the order and in the overlap with intelligence, financial, military, and other powerful positions the greatest single concentration of dispersed political power on earth. These are the forces of "invisible government" which have long exerted virtual control of the world's affairs.

The fundamental struggle of this last quarter of the century is to break the power of that Maltese Order for once and for all.

The possibility of breaking that power lies in the fact that the power of the Maltese Order, like the power of its subsidiary, the City of London, is located in a relatively tiny portion of the leading strata of nations. If any significant part of the self-interested forces of those nations were to act in concert to throw off the yoke of evil, the Maltese Order, the British monarchy

and the City of London would be crushed in a very short time.

The method for accomplishing this is to mobilize such forces, or at least a sufficient proportion of them, behind the Grand Design effort embedded in the new monetary system.

The timing of this effort, like the post-1772-1773 timing of the launching of the American Revolution, is presented to us by the collapse of the Bretton Woods monetary system, and by the fact that efforts to maintain the IMF, World Bank and their present policies must lead to a general thermonuclear war in which various nations, including the United States, would become extinct. Since the forces otherwise inclined to create a new monetary system would not have the courage to oppose the British monarchy's forces on grounds of economic rationality alone, it takes the threat of general thermonuclear war to move certain good forces to the point of fighting the British monarchy on this issue.

We have as our added advantage the fact that the Soviet leadership now recognizes that if the USA and Western Europe do not break with the IMF and World Bank, there will be general war within no later than the medium term, by no later than the first half of the 1980s, but probably earlier. The Soviet leadership is convinced it would win such a war, but is also convinced that between thirty to forty percent of the Soviet population would die in the course of that conflict. Thus, it is in the most vital interest of the Soviet leadership to aid the United States, France, Germany and other nations in ensuring the success of a new monetary system over the IMF, World Bank and City of London. If the Soviets did not follow that course, they would be condemning themselves to war.

This latter feature of the strategic picture is accentuated by Britain's promotion of its "geopolitical" China option.

The pro-British element of the Peking regime now in power reflects a continuation of the hideous old Chinese philosophical traditions emanating from the great book-burning and building of the Great Wall. Over the thousands of years since then, Chinese philosophy and cultural traditions have most notably affected civilization by the China coastal region's production of the most hideous pandemics and other diseases, led by the bubonic-pneumonic plague. The British monarchy is squatting upon a nominally capitalist economy, but is anti-capitalist. The Peking regime squats upon a nominally socialist economy, but is both anti-capitalist and anti-socialist in its deepest philosophical convictions and practices. The two ancient repositories of evil in the world, the British monarchy and Old China forces of the Peking regime, eye one another and recognize their Hobbesian kinship for one another, their common mother, the Whore of Babylon.

The British promotion of the China option, with aid of such British agents as Henry A. Kissinger and

lunatic Eugene Rostow, confronts the Soviet leadership with a strategic situation in which it has no margin for compromise against the British faction in the world. It must strike out to destroy the British, and it must succeed in that blow, at the peril of general war if it fails to do so.

The principal problem which ought to concern responsible forces in the U.S. — as in other OECD and developing nations — is the fear that the Soviets will not move with the required precision of differentiated perception in shaping their blow against London. It is the special responsibility of those of us in key positions of one sort or another in the USA to help the Soviet leadership discover the pathway through which to destroy the power of London without creating a set of by-product events which might lead to confrontation between the United States and Soviet Union.

The first major success to that purpose was institutionalized through the May 1978 “summit” meeting between Chancellor Helmut Schmidt and President Leonid Brezhnev. Both men, the first at the peak of political achievements, the second at the peak of personal position and drawing toward the ebb of his physical powers, have been seized by the greatest of those emotions which sometimes affect persons who have grown into the dimensions of positions of power: they have developed world-historical perceptions, rising above considerations of ambition, to dedicate their remaining time in office to making the greatest possible contribution to the future of the human race. At the “summit,” Schmidt and Brezhnev adopted various resolutions, among which one stands out: their joint commitment to the Grand Design as the

uniquely efficient basis for entente among Warsaw Pact and NATO countries.

Unfortunately, too few persons in power have risen to the nobility achieved by Giscard, the late Pope Paul VI, Schmidt, and Brezhnev. Little men and women, anxious of the perpetuation of petty, short-term personal and factional advantage, are so preoccupied with the nurturing of their Lilliputian conceits and ambitions that they refuse to contemplate whether there might be a future in which to realize such relatively petty desires. In principle, they are like the poor, ordinary citizen who says in effect, “I can not be concerned whether the United States exists by 1980 or not; I have to concentrate on saving for my retirement, which begins in 1985.” The poor, tarnished, “bronze souls,” who have never completely risen above infantile pettyness! Unfortunately, too many such cases are in positions of power in government, banking, corporate leadership, trade union leadership and leadership of parties.

We who can muster in ourselves the dedication of “golden souls,” who can become the shepherds to care for the poor sheep of society, who protect those confused, bleating sheep from the consequences of their own sheepishness, must mobilize ourselves as a united force to ensure that the efforts led by Giscard and Schmidt succeed, and that the efforts of the British monarchy and other forces of the Whore of Babylon are harried, harassed and crushed once and for all. The ordinary citizens of this nation will move out of sheepishness, but they do not have the courage to move until they see a committed, ruthless leadership exhibiting the qualities which portend trustworthiness under the fire of battle.

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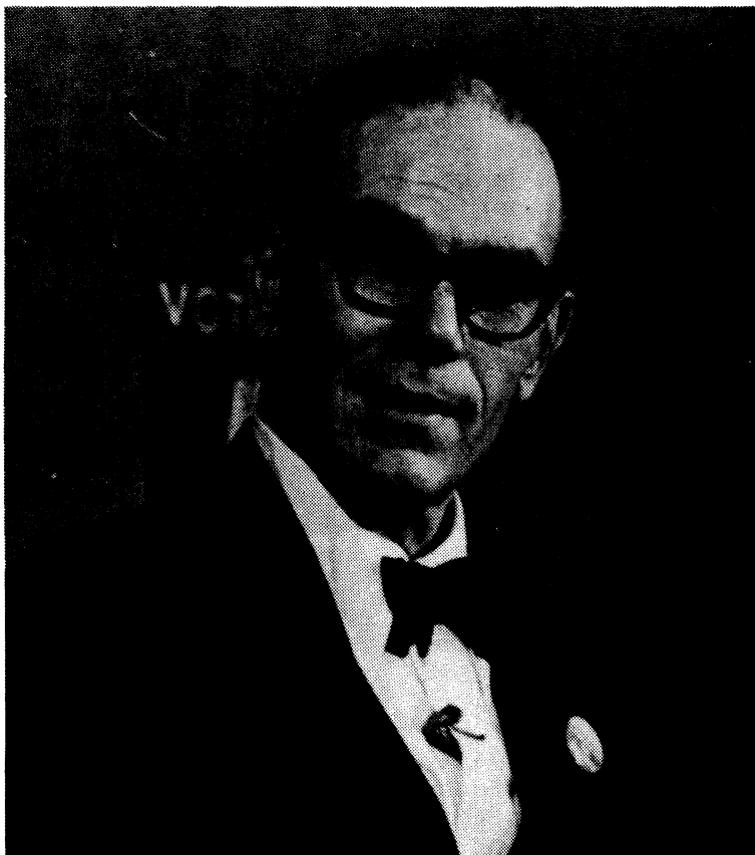
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National Chairman of the U.S. Labor Party and its candidate for President of the United States in 1976 and 1980. Born: 1922, Rochester, New Hampshire, raised in Lynn, Mass.

Mr. LaRouche's meteoric rise to a position of public, if grudging, recognition as the world's leading economist and socio-political theorist is based on a series of unique conceptual breakthroughs. By the late 1950s, he had gained notoriety among American left for his detailed forecast of a global depression developing out of a succession of monetary crises in the later 1960s. In 1966, he founded the National Caucus of Labor Committees as the intellectual cadre force trained in the rigorous scientific method that led to his 1950s analysis and dedicated to achieving the most rapid rates of social and industrial growth.

By 1973, he had destroyed the theoretical underpinnings of the "left" with his critique of Karl Marx's and Rosa Luxemburg's fundamentally flawed explication of the laws of social reproduction, in particular Marx's efforts to apply linear mathematical models to nonlinear social processes. And with the publication of "Beyond Psychoanalysis" in fall 1973, he shifted the notion of the lawful evolution of human society, redefining it in terms of *energy throughput* and *human creative mentation*.

Mr. LaRouche's groundbreaking work in the science of human mentation, made possible through his close study of the 19th century mathematicians Georg Cantor and Bernhard Riemann, laid the groundwork for the Labor Party's subsequent fundamental theoretical contributions to the physical and biological sciences. By applying the same approach to the study of history, art, music, and economics, Mr. LaRouche and his associates have most recently succeeded in resituating the entire course of human history as a struggle between two global conspiracies: one made up of Neoplatonic humanists dedicated to the progress of society; the other, a monetarist, nominalist conspiracy bent on looting the world's human and material resources.

Mr. LaRouche is one of the most prolific writers of our time, and has authored two books, *Dialectical Economics* and *the Case of Walter Lippmann*, as well as innumerable articles.