

# Why America's elite is failing desperately

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Contributing Editor

The recent statements by such figures as George Ball and McGeorge Bundy (reprinted above) reflect the growing concern among the "ruling families" of the United States that, despite their continuing massive effort at "total containment" of my electoral campaign, I am correct, and their policies are a failure even by their own criteria.

Typical of the current developments regarded as evidence of the failures of the "leading families" policies are the following:

(1) The neo-Malthusian policies of "controlled disintegration" of the U.S.A.'s and world's economy, institutionalized over the course of the 1970s, have turned out to lead into "uncontrolled disintegration" instead. The fact that the Carter-Volcker "austerity measures" of October 1979 have brought the U.S. dollar into the area of a 1920s-Germany-style hyperinflationary sort of collapse of the U.S. economy is one leading example of this.

(2) Despite the hysterical, lying campaign currently being run out of the Carter administration and most of the major U.S. news media, that U.S. high-technology exports to Moscow might help Moscow to catch up with the U.S.A. technologically, the fact is that Moscow is now way ahead of the U.S.A. in overall quality of deployed military capabilities in technology as well as in quantities, and that Soviet R&D is now deploying or on the edge of deploying militarily relevant technological breakthroughs way beyond anything of which the United States is capable at this moment.

(3) Now, in response to what most U.S. allies view as the outright lunacy of the Carter administration's and Kissinger's policies, western continental Europe plus Ireland is now in the process of breaking away from the dictate of Washington and London on economic and monetary policies. These developments in the economy and monetary fields are inevitably spilling over into other "centrifugal" manifestations.

In addition to the backfiring of Washington's and London's current economic and monetary policies, the often-cited symbol of the decay of the situation is that emphasized within Ball's statement: that present Washington-London policies are tending to leave the United States isolated, with no ally but the Begin-centered group in Israel.

None of the critics, including this writer, proposes that the United States ought to "abandon Israel." Israel's "1967 borders" are almost an axiom of policy for the U.S.A., and for most U.S. Allies. It is the secret agreements which Carter negotiated with Israel, under the mere camouflage of the "Camp David" dog-and-pony-show published documents, which are being challenged. The Begin government's use of those "secret agreements" as cover for proliferating settlements in the occupied Arab Palestinian West Bank is the issue, as Ball indicates, and as Secretary of State Cyrus Vance's confrontation with Senators Church, Javits, and Stone also reflects.

However, important as the Israel policy is in the whole configuration, the question of Israeli policy is a product and a symbol of a larger area of policy-failure, an area of blundering which would be a policy failure whether or not there were an included question of U.S. policy concerning Israel.

The root of all of these failures is the neo-Malthusian political-economic policy. All other problems are either directly a by-product of an incompetent set of political-economic policy-making criteria, or reflect the errors of the same "geometry" of mental outlook reflected in the adoption of those incompetent political-economic criteria.

Therefore, I shall now present a rigorous statement of the roots of the political-economic blunders. Following that presentation, I shall append to this report a few

indicative comments on the nature of the correlated sort of blunders of political assumption.

The following is no digression.

All "economics" as presently taught in all known university programs and as represented by both policy-makers and news media generally, is wholly incompetent. It is reliance on those sorts of incompetent doctrine which is the most significant of the immediate causes for the adoption of the neo-Malthusian policies institutionalized over the course of the 1970s.

The errors of these incompetent political-economic teachings are best examined on two levels.

The first kind of axiomatic blunder of those economic teachings is typified by the intrinsic fallacies of the currently used national income accounting method, the so-called GNP system of accounting.

The second category of axiomatic errors in current academically-approved political-economic teachings involves the "dynamics" of the economic process, as distinct from the incompetence of the accounting categories presently used.

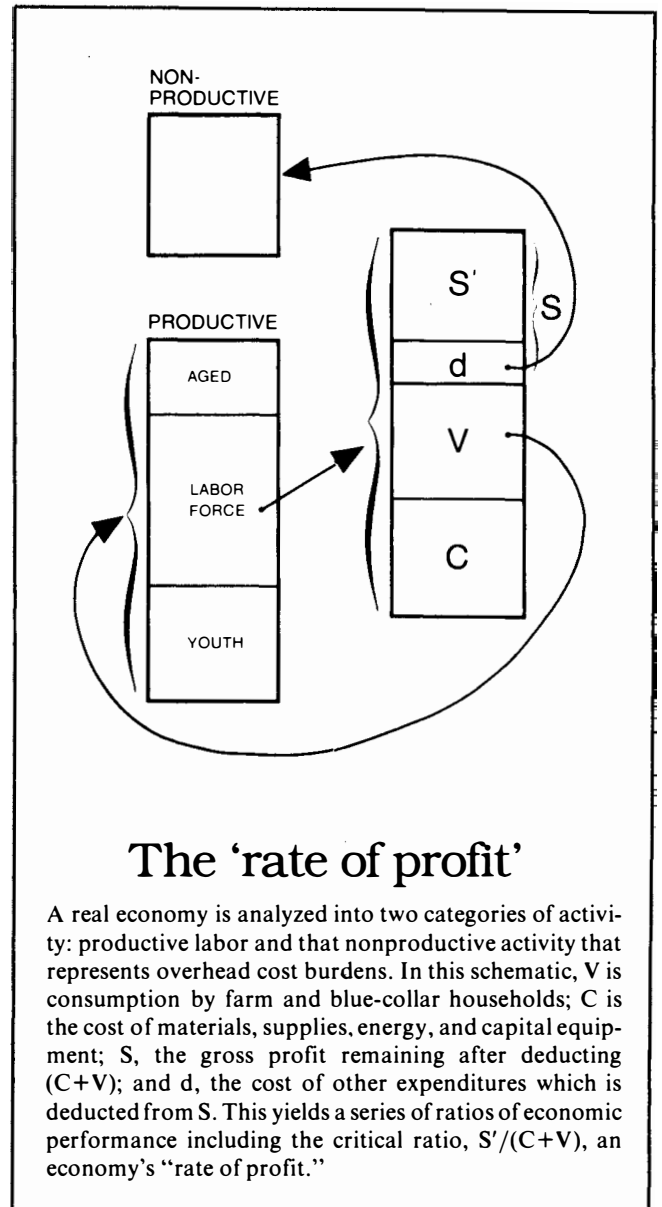
A real economy is properly analyzed into two principal categories of activity: (a) that productive labor (e.g., farmers and "blue-collar labor") which produces a useful, tangible form of product for consumption either by households or as capital goods of agricultural or industrial production. (b) that non-productive, remaining component of employment and economic activity, including necessary administration and services, which represents the "overhead cost burdens" of the economy as a whole.

Those combined elements of waste and of necessary administration and services combining to compose category "d" for analysis are paid for out of the gross profit produced by the total economy's production of consumable, useful forms of *tangible* goods.

"Debt service," for example, is not an addition to gross economic output, but is a deduction from either gross profit or household income.

This breaks the proper analysis of an economy down into the categories derived in history of their usage from David Ricardo and earlier reporters: V = direct consumption by households representing farmers and "blue-collar labor"; C = combined costs of materials, supplies, energy and fixed productive capital equipment; S = the gross profit remaining after deducting (C+V) from total current tangible output of useful goods; d = costs of other expenditures, including those for combined governmental and private administration and services.

This yields a series of ratios of performance of the economy, with special emphasis on the critical ratio of first-approximation:  $(S-d)/(C+V)$ , or, stated more conveniently,  $S'/(C+V)$ .



This key, first approximation ratio is otherwise known as the "rate of profit" for the economy *taken as a whole*.

If one compares the estimates of growth of the U.S. economy given as the usual GNP reports with the revised interpretation realized by re-sorting GNP data into the  $(S-d)/(C+V)$  form, the difference in the two pictures indicates quite simply and accurately what is fundamentally worse than useless in the kinds of academic economics now generally used for policy making.

In summary, the first general, axiomatic error of the political economics now being taught in our universities and generally used by policy makers is that it is based on a totally incompetent set of rules of accounting practice.

## First level of dynamic analysis

The now-classical, competent approach to analyzing the dynamics of a modern economy is U.S. Treasury Secretary Alexander Hamilton's 1791 "Report to Congress on the Subject of Manufactures." Hamilton proves that the substitution of "artificial labor" for labor in the processes of agriculture and industry is the sole source of wealth of nations—directly and totally refuting the false assertions of Adam Smith's "Wealth of Nations."

A rise in the productivity of labor is expressed in accounting terms as a rise in the value of the ratio  $S/(C+V)$ : a rise in the rate of *gross profit* in the economy taken as a whole.

In a well-managed economy, the rate of growth of combined waste plus administration and services is slower than the growth of the gross profit of the economy as a whole. For such a case, we have a rise of  $S'/(C+V)$  as a correlative of rising values of  $S/(C+V)$ .

This advance in both the rates of profit *for the economy taken as a whole* is causally correlated with a rise in another accounting ratio, the ratio of C to V ( $C/V$ ) for the economy taken as a whole.

In order to permit investments which cause C to increase relative to V in this desired way, and since new capital investments must come from *S' for the economy as a whole*, the ratio  $S'/(C+V)$  must rise in correlation with the rise of  $C/V$ .

These increases are the result of advancements in technology, and in the quality of productive-cognitive skills of the labor-force. Therefore, the absolute value of per capita "V" must rise relative to the average per capita value of "V" for the preceding period of a lower national rate of profit.

These rises in the average per capita value of "V" can only be reduced, in first approximation, to the energy equivalent. The increase in the rate of energy flow through household consumption per capita for households of productive labor has the physical significance of what we term "energy flux density."

The combined energy throughput and costs of other productive capital per capita in the production process is similarly reduced to its energy flux density value per capita for productively employed labor.

S and  $S'$  are then, similarly, restated in terms of energy flux density.

Situating this as a relationship of society to "nature," we derive the following, additional considerations.

The rises in energy flux density which correlate with preconditions for rising values of  $S'/(C+V)$ , itself a ratio of energy flux densities, correspond to the notion of a rising "reducing value" in ordinary physical chemistry. Man organizes nature according to his needs for enhanced survival and existence by increasing the "reducing power" of society with respect to nature generally.

This requires society's capture of increasing amounts

of energy from sources which represent increasing energy flux density for mankind. In other words, the primary "natural resource" of all societies is *an increase in the energy flux density* of the energy sources utilized as basic energy sources by the society.

## The physical significance of technology

As I noted in my recently published *Basic Economics for Conservative Democrats*, the form of the increased energy flux density required by society could not possibly be merely more energy at higher-temperature equivalents for energy sources. Otherwise we could improve society's productivity by simply cooking its labor force. It is energy *organized* in some definite, usefully controllable way which man requires as the output of sources of increasing energy flux density.

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The form of that organization of energy flux density we may term "technology." Increases in the rate of profit of society must therefore take the form of an equivalence between  $S'/(C+V)$  and advances in *applied technology*—or, what Hamilton defines in his report to Congress as "artificial labor."

This deduction brings us to the crux of the most fundamental error made by even the most relatively advanced "thinktankers" among British and U.S.A. policy-shapers today.

Some of these "thinktankers," after studying my own writings as well as those of others, have recognized that energy flux density must be considered in relationship to profit ratios for the economy as a whole. However, even those circles commit the error of measuring the energy flux density in what are called the "reductionist" terms of joules per square centimeter of the cross-section of the energy source.

The energy we are considering must be in the realized form correlative to  $S'/(C+V)$ . Therefore, the energy to be taken into account can not be energy flux density measured merely in a simple quantum of heat equivalent, such as joules. What must be measured is the *negentropy*



ical phenomena echoing the reality of such multiply connected manifolds, Maxwell and his followers were obliged to attempt to fit those realities within the bounds of the cruder physical geometries tolerated by the British and their factional allies. Hence, we are exposed to such almost mystical constructions as the notion of the "complex domain." "Complex domain" is a way of attempting to describe mathematically the kinds of phenomena which correspond to multiply connected physical manifolds without admitting the fact that such manifolds actually exist.

If the efficient principles governing physics more profoundly lie outside the "physical world" as British physics delimits that world, in what domain do those principles then exist? In the "metaphysical," clearly enough.

Similarly, the demonstrated ability of minds such as Riemann's to comprehend notions which correspond to that "metaphysical domain" must be a mental power which also lies in the "metaphysical domain" of mental life. Once consistent adherence to Maxwell's sort of obsessions concerning physical space is carried to its logical conclusion, one has the British physicist transformed, as is so typical, into a fanatical reader of tea leaves and habitu e of seances.

### **The Soviet algorithm paradox**

Recently, we in the United States and Western Europe have been informed of Soviet scientists' development of a new sort of algorithm, which permits efficient solution of matrices which were earlier considered almost insoluble even on the latest generations of computers—because of the calculation-times involved. The notion of this sort of algorithm is elementary—so elementary it can be demonstrated to any grammar school child who has progressed through an appropriate program in education in geometry of conics. For example, the characteristic "flexible" triangle which generates the construction of an ellipse is the characteristic of the ellipse so generated. This Soviet development is viewed by many as correlated with the ability of Moscow to use its available, simpler computer systems to accomplish tasks which are presently either matched only by the most elaborate U.S. systems or still insoluble by practical means.

The point is this. Although there are strong indications that Soviet science does not yet accept the Riemann-Cantor proposition that the causal ordering of physical space is ontologically transfinite, all known crucial breakthroughs in Soviet plasma physics indicate a strong emphasis on the Hilbertian notion of "*methodological transfiniteness*." Although the most accomplished U.S. scientists are strongly influenced by the German traditions of "continental science," U.S. science education otherwise adheres predominantly to the British factional

outlook. The promotion and toleration of the "quark" cult is an illustration of the problem, quite apart from the fact that the Carter administration has shredded into nonexistence all but a handful of U.S. basic scientific research capabilities. The degeneration of British scientific thought, combined with the deepening influence of British ideology over U.S. teaching institutions and scientific communities, is stripping the United States of the capability of producing scientific workers capable of matching the competence of Soviet science progress.

The perplexity of many U.S. researchers, now attempting to "crack" the Soviet-reported algorithm, is a symptom of the sort of intellectual decay we have indicated.

We are not praising Soviet science. Epistemologically, Soviet science has progressed no further than German and French "continental science" had defined methodological progress earlier during this century. The point is that Soviet science is maintaining the general level of excellence of the Paris-G ttingen-Petrograd tradition of the 19th and early 20th centuries, backing this excellence with Moscow's continued policy of increasing support for scientific and engineering contributions.

The discrepancy arises because the United States, under British ideological influences, is degenerating in quality of production of new scientists at the same time that the forces controlling the Carter administration's policies (in particular) have been gutting U.S. basic scientific capabilities quantitatively over the past decade and a half.

Hence, if leading U.S. circles look at the growing advantage of Soviet over U.S. scientific and technological practice in advanced realms, and view the lessons of this evidence properly, they would be obliged to mobilize themselves to reverse not only the quantitative but the qualitative decay of U.S. basic science and research and development institutions.

If they understood the implications of that narrower problem of present U.S. policy, they would begin to comprehend the reasons for their desperate failure in political-economic policy-making.

### **Back to Plato**

The method of "continental science," from Cardinal Nicholas of Cusa's writings on Archimedian science through Leibniz, Monge, the Carnots, Riemann into Klein, Hilbert, Courant, et al., is a direct copy of Plato's conception of the method associated with the notion of the "hypothesis of the higher hypothesis." That method is thus equatable with the notion of "*methodologically transfinite*" of Hilbert et al. at the turn of the present century.

Plato went further.

Plato's dialogues include the rigorous proof by ar-

gument that if we show that the ordering of the universe corresponds to an underlying adducible lawfulness equal to the notion of the “hypothesis of the higher hypothesis,” then the “primitive substance” of the universe must be a real, efficient being whose nature is coherent with the implications of the notion of that higher hypothesis.

This latter rigorous demonstration in Plato’s dialogues is most familiar to modern man by way of the doctrine of “consubstantiality of the Trinity,” and “consubstantiality of divine and mortal” in Christ. The most direct of the Apostolic statements to that effect is given in the gospel of St. John. In that location, the Logos (St. James version: “word”) of the opening verse is the strictly Platonic notion of the ontological reality of the “hypothesis of the higher hypothesis.” It is for related reasons that Christianity (like the Judaism of Rabbi Philo Judaeus, or the Islam of ibn-Sina) is rightly termed “Neoplatonic.”

As the writings of numerous among the Patristics, as well as the *de non Aliud* of Cusa and the *metaphysics* of ibn-Sina show, this Neoplatonic conception of Logos and God is fully efficient with respect to physical science qua physical science. Conversely, since British ideology bitterly rejects Neoplatonic method, British theology tends to be intrinsically Gnostic, rather than Christian or Judaic-in-fact, and British experiments with Christian theology more often produce Gnostic-like, irrationalist cults than actual continuations of Apostolic Christianity.

This leads us directly back to the problem we associ-

ated with the efficiently causal principle of science-technology in the physical thermodynamics of economic processes.

In heathen theology, the notion of “man in the image of God” is at best a crude anthropomorphism like the Olympian cultism of the pagan ancient Greek mythologies. In apostolic Christianity, “man in the image of God” defines God as a universal creative intelligence consubstantial with the universe, and defines man’s likeness to God as expressed by the perfectible powers of human creative intelligence. For purposes of empirical investigation, the isolatable expression of man’s creative intelligence is most readily obtained by focusing exclusively on basic progress in scientific knowledge.

The point of such empirical studies is to differentiate the instances in which man, like a lower beast, shows the ability to produce learned behaviors, or simply, like a beast, exhibit the productive behavior of his ancestors, i.e., in a zero-technological growth form of society, man loses the practice of that which locates man as in the “image of God,” the rule of his changing, perfectible practice through creative intelligence’s more profound mastery of the lawful ordering of the universe: the production and assimilation of fundamental scientific discovery. To focus on that which distinguishes “man in the image of God,” we must isolate those empirical data which pertain solely to qualitative advances in man’s scientific knowledge, or some equivalent manifestation of creative intelligence.

The “science-technology ‘factor’ ” which proves to be the primitive determinant (cause) in the physical hydrothermodynamics of economic processes is plainly, the same reality.

This brings us to the crucial epistemological issue. Is this “factor” of “scientific-technological progress” merely an ideational construct, or does it correspond to a reality we must treat as a kind of “physical reality”?

If the creative action of the human mind in causing negentropic transformations in a physical hydrothermodynamic economic process is efficient—as it certainly is efficient—then it must have the ontological reality of a “physical cause.” Otherwise, like the notorious Cambridge University cult-kooks, one must assume that causality in the entire universe is ruled by a non-material, “nonreal” *deus ex machina*. Only the Platonic/Neoplatonic method enables us, at such points of investigations, to preserve the notion of a lawfully coherent universe. From the standpoint of empirical evidence, then, any scientific method but that in agreement with the Platonic/Neoplatonic method is scientifically absurd!

### Neoplatonic physics

The correlated implication of the foregoing discussion is that the notions of causal efficiency attributed to the “scientific” activities of the creative work of the human mind are not peculiar to the human mind, but that that causality is *ontologically real* in the universe apart from the action of the human mind. In other words, our universe is not primitively composed of scalar magnitudes of “energy” per se. Rather, the phenomenon of “energy” expressible in such terms of discrete quantification is itself a *determined relative “ephemeral”* in Plato’s sense. The primitive substance of the universe is not a “simple”—as the reductionist notion of “energy” is a simple. The *primitive substance* of the universe is of the form of *negentropy*: a “non-simple” sort of “primitive substantiality.”

For most persons, this notion is readily acceptable as a matter of Apostolic Christianity’s Neoplatonic theology. However, the Christian, or Jewish heir of Rabbi Philo, who accepts that notion of “primitive universal substantiality” for theology, finds it most troublesome to situate the same notion within the domain of physics *qua* physics. On “Sunday” and like devotional moments of the week, our average citizen accepts a Neoplatonic notion, that his or her universe is and is governed by a universal being in the form of creative intelligence. In his or her day-to-day life, the same Christian, Jewish or Islamic citizen is either a pagan irrationalist (a student of horoscopes, for example) or simply an agnostic or atheistic believer in a universe made up of irreducible, simple little sub-microscopic “particles.”

Dante Alighieri’s three-canticle “Commedia” explains the ordinary such citizen’s difficulty: in everyday

life, that citizen is a man or woman of the “Commedia’s” “Purgatory” canticle. He or she intends to be subject to a conscience informed by higher considerations, but is “down to earth” in the sense of dedicating daily practice “in the world” to the goals of “earthly Paradise.” In his everyday, grabbing life, the citizen is fixed upon the relative ephemeral objects of sensual appetites, relegating the real universe to be the preoccupation of his or her “after-life.” He or she is self-esteemed as a “practical fellow,” holding his paw securely around the nut of lust in the monkey-trap of simple day-to-day greed. To see the objects of lust, the riches of “earthly Paradise,” for the relative ephemerals they are, is beyond the will of our fellow in Dante’s “Purgatory.”

The idea of willfully steered negentropy creating lower forms of energy and of matter is to such a fellow in “purgatory” an impractical notion, a notion he or she suspects of being downright metaphysics.

Yet, in point of fact, the progress of plasma physics (and related kinds of biological inquiries) has brought mankind’s knowledge and power of practice to the point that we cannot progress one inch further in science—no matter how desperately we scratch and claw to do so!—unless the working scientist views the experimental phenomena of plasma physics not as “collective actions of particles,” but from the standpoint of the notions associated with the hydrothermodynamics of Riemann and Helmholtz. At this same time, we discover that we cannot solve the urgent problems confronting us in economic processes unless we effect the scientific breakthroughs such a change in epistemological standpoint implies.

Human society can no longer survive in the “purgatory” associated with the physical notions associated with Newton and Maxwell. It must now move above “Purgatory” to “Paradise,” or soon descend into the “Inferno.”

Is this relevant to “practical matters of economic policy”? It is decisive.

### The “Olympian” ruling families

Most of the “Western World” is ruled by a collection of powerful “families.” Those persons who deny this fact are either our ordinary citizens, both uninformed and sorely misinformed as well, or, if they represent influential circles, are liars.

The wretched Aldous Huxley’s novel *Brave New World* is not far off the track in describing the way the world, or at least most of it, is presently managed by these ruling families. There are those few who leave the ranks of the ordinary, ignorance-bladen folk to go off to the “islands” of policy-making. There are those witting agents of the “families,” like Bertrand Russell or Aldous and Julian Huxley, for example, who remain “in” general society as “controllers,” all the way down to your ordinary sort of U.S. president or leading U.S.

senator, who is merely a "hired gun" in office for the families which actually control the United States at this time. Then, there are the uninformed, misinformed, and manipulated ordinary folk, of the sort who actually believe that John F. Kennedy, or Lyndon B. Johnson, or Richard Nixon, or Gerald Ford, or Jimmy Carter, are or were actually presidents of the United States, or that Governor Ronald Reagan, if he were elected, would actually be a president of the United States.

So, in speaking of economics and science, we are addressing our attention, at least in emphasis, to the case of those "families" and their adopted assistants who actually run most of the world today.

The significance of the intellectual incapacities we have been outlining here is that these incapacities are presently the dominant blunders of the combination of "families" and intimate advisors of those families who run most of the world.

These "families"—taken as a collection—are analogous to the collection of deities on the Mount Olympus of ancient Greek mythology. Each member of the collection represents a certain momentary status on "Olympus" as a whole, and is associated with certain characteristic traits and impulses, more or less as the figures of mythical Olympus were so distinguished from one another.

In this arrangement, Olympus has its factional struggles, even sometimes brutally so. Yet, in general, Olympus unites to save Olympus from outside intruders, such as any modern-day "Prometheus."

It is also useful to view these families as relatively immortal—pending the always-feared "Götterdämmerung." As a collection, they work from a long-term worldview, as distinct from the shorter and narrower span of concern dominating most ordinary mortals. Each member of a present generation is a kind of incarnation of the continuity of his or her "family." The "families" go on and on—or, so they are determined things shall be arranged. The function of the individual member of the "family" or the person elevated to those circles for ability to render services, has the proper function of devising ways to preserve and enhance the perpetuation of the Olympian order, as well as of his or her immediate "family" duties as such. All pending the always-feared "Götterdämmerung."

It is permissible, and useful to define these Olympians as a heathen sort of "elite." In that way we distinguish them from a Platonic elite, or the kindred elite represented by the "shepherds" of Neoplatonic Apostolic Christianity.

The Christian shepherd lives and acts as the instrument of that higher purpose implicit in the Logos, the hypothesis of the higher hypothesis. That shepherd resides, so to speak, in the "Paradise" canticle of Dante's "Commedia." He or she is an instrument of the continu-

ing perfection of the human species, at best a "philosopher king" in the sense of Plato's prescription.

The Olympian, by contrast, acts for the "earthly Paradise" of the Olympian "families." He does not seek power to be an instrument of that higher power; he seeks power, including the power mediated through scientific progress, merely as useful instruments for enhancing the continued rule by the Olympian "families."

Now, those "families" find their steps toward power bringing them to the crumbling edge of an abyss: "Götterdämmerung"! The programs they have refined during the 1950s and 1960s, institutionalized over the course of the 1970s, now mock those "families" which set the neo-Malthusian scheme into motion. Now, they must either change their policies profoundly, also undoing most of the institutionalized policies they themselves set into motion during the 1970s, or the "success" of those policies means the imminent doom of the "families" themselves—along with a large part of the rest of the human species.

Either they accept my presidency of the United States for the next eight years, accepting my proposals for reordering the economic and related processes in this world, or those "families" very success in blocking my presidency will be but the immediate predecessor event for their success in bringing about their own "Götterdämmerung."

So far, those "families,"—at least a significant representation of such circles, have reacted with mixed rage and fascinated astonishment to the course of developments preceding and now accompanying my candidacy for the presidency. As they discover me and my immediate associates to be so repeatedly correct, where the families' projections have been wrong, and as they have been astonished by my own and my associates' limited but significant degree of success in repeatedly escaping the efforts of the ruling "families" to contain and crush those efforts, they are fascinated to know the source of the competencies and potency so represented. The answer is set before them, repeatedly, in published explanations, but their minds, so far, refuse to accept what is written about as plainly and candidly as might be stated within the conventions of existing usage of the languages in which they have been written and published. The source of the difficulty is not the want of clear explication; the source of difficulty is the inability of the reader's mind to accept the kinds of notions associated with the "hypothesis of the higher hypothesis"—and more profoundly, their psychological fear of accepting the notion that there exists anything higher, more potent than the "earthly Paradise" of the Olympians.

They desperately wish to believe that they run the world's affairs. Therefore, they cannot accept the notion that something could exist efficiently "in the world" which embodies a higher-ranking authority and potency.