

ANOTHER THING GEORGE W. BUSH DOES NOT KNOW

The American System Of Political-Economy

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I have just read an important piece by Henry C.K. Liu, "Crippling Debt and Bankrupt Solutions," dated Sept. 28, 2002, as published by the Online *Asia Times*. I think it worthwhile that I respond to the timely, deeply embedded but unstated implications of his argument.

All Classical science and historiography, is defined by reference to that tragic principle of self-inflicted doom, which comes to the surface at each point a nation or culture enters a period of potentially terminal, systemic crisis, as the IMF world system today. So, as in the presently onrushing collapse of that world monetary-financial system, the relevant, most interesting paradoxes are always expressed by those cases, such as now, in which the essential problem is the actor's lack of awareness of his own reliance on an erroneous, systemic quality of axiomatic assumptions. Even when he may be unaware of these assumptions, he obeys them, as if these hidden assumptions had the authority of self-evident tradition, as if he were one of Pavlov's famous experimental dogs, or Skinner's experimental pigeons.

Typical of this clinical phenomenon, is the assumption which, as in the case of U.S. patriot Edgar Allan Poe's famous story of "The Purloined Letter," blinded the perplexed viewer to the solution which he should have recognized as, paradoxically, "hidden within plain sight."

Such potentially tragic, systemic errors of assumption, respecting the historically determined, controlling characteristics of recent U.S. policy-shaping, are typical among comments from among so-called authorities of the U.S. and abroad today. The history of European culture has shown, since Solon and Plato, that if one does not address that specific type of error Socratically, the person, or society



Physical economist Lyndon LaRouche's success in economic forecasting is due to his recognition that "all really important dangers to society arise, like self-inflicted mental illnesses, from popularized, axiomatic delusions, especially official ones."

which made that mistake, will cling self-righteously to his infection by that fatal belief, even for many generations still to come—if the society does not bring itself down much sooner, through the effects of just such false beliefs. Such pathologically stubborn forms of popular opinion of a people, are, again, the root-cause of all great Classical tragedies on stage, and also the real-life national tragedies of entire cultures.

The challenge I present to author Liu focuses upon a matter of method, as follows.

My decades-long general intellectual advantage over most professionals, in diagnosing and warning against such tragedies, has been that, in my work, I concentrate my attention upon the primary importance of those false, more or less popular beliefs which they share. In contrast, most others fail in their long-term assessments, because they situate proposed reforms within the confines of what are often described as generally accepted institutions and standards of conduct. Since all really important dangers to society arise, like self-inflicted mental illnesses, from popularized, axiomatic delusions, especially official ones, I am often obliged to risk a certain commonplace, but thoroughly wrong-headed complaint from my would-be critics. The common, mistaken complaint is, that I often reply Socratically to questions by, first, addressing the faulty systemic assumptions underlying the question itself, and, then, often, leave it to the questioner to discover the detailed truth of the matter for himself, or herself.

In the case of author Liu's piece, his obvious systemic error, is the same, generically, as made by virtually all his,

and my own rivals among today's professional economists and political leaders, world-wide. Chiefly, today, the error on which to focus here, is the commonplace academic's folly, of failing to take into account the absolute difference between, on the one side, the history of the American System of political-economy, upon which the existence of the U.S.A. was founded, and, on the opposite side, the historical origins of those polluting effects of central banking systems of all European nations, up to the present day.

That is the same *systemic* error which a leading, Wall Street-centered faction in the U.S.A. has imported from Europe, since Aaron Burr's founding of the Bank of Manhattan with the political backing of his sponsor, the British Foreign Office's "secret committee" chief Jeremy Bentham. This *systemic* error, typified in the extreme by the neo-manichean religious doctrine of "free trade," is the same pollution which now permeates, fatally, the establishment of the currently self-doomed U.S. Federal Reserve System. This is the same *systemic* delusion which is the principal source of the "free trade" follies of the Bush Administration, up to the present moment. It is, also, the ultimate, self-inflicted doom, inherent, *systemically*, in the post-1971 international monetary-financial system (IMF).

For this case, I present two categories of argument. First, under the descriptive heading of "The Romantic Roots of Central Banking," I point to the historical roots of author Liu's oversights respecting the continuing origins of the relevant principles of European banking systems. Second, under

“Piercing the Veil of Sense-Certainty,” I address those still deeper issues of physical science, which must be seen as overriding all arguments presented from the standpoint of popular contemporary monetary-financial doctrines as such.

Finally, to conclude these prefatory remarks, I warn that it must be recognized that all systemic processes in human affairs are defined empirically by history as a lawful process, rather than the connect-the-dots topics which the Aristoteleans, empiricists, Cartesians, or kindred reductionists portray them to be. Any competent systemic assessment of social processes references the transmission of social institutions, such as languages, and ideas in the Platonic sense of the term, over successive generations. I shall qualify that in my concluding observations under “Piercing the Veil of Sense-Certainty.”

1. The Romantic Roots of Central Banking

The crucial point to be made respecting central banking, is two-fold.

First, if one compares the scale and demanded yields of present debt-levels, with the accelerating rate of collapse of present physical levels of per-capita national income, there exists no possibility for successful reform, or adjustment, within the frameworks of either the present, post-1971 Volcker-Greenspan modes of the Federal Reserve System, or the post-1971, “floating exchange-rate” modalities of the IMF and World Bank. The exemplary case, of the demands of the IMF-led bankers on Argentina and Brazil, shows that under any IMF-imposed conditionalities, neither of those nations, nor the IMF would survive. On the other hand, as Italy’s Chamber of Deputies enacted this view I share into law, conditions which would allow those two nations to survive physically, would force leading nations of the world to conduct a devastating reorganization of the post-August 1971, now hopelessly bankrupt IMF system.

For example, In the case of Argentina and Brazil, the relationship between usurious international monetary and financial practices, on the one side, and physical economy, on the opposite side, is such that any effort to induce those nations to satisfy the creditors, would mean the physical destruction of the nation and its people. The resulting ratio of collapse of production to spiralling of debt-obligations, must lead rapidly and soon, through chain-reaction effects, to the hopeless bankruptcy of the creditor, the IMF system itself. Much of the creditor claims against indebted nations represent accruals—“we stole it ‘fair and square’ by our post-1971 IMF rules”—fictitiously concocted claims by the creditors. Nothing less than the virtual elimination of the current mass of the fictitiously incurred portion of the financial debt-overhang of Ibero-American nations generally, would permit Brazil and Ar-

gentina to become again credit-worthy producer economies.

That would mean the bankrupting of the IMF. So, what! It is already bankrupt in fact, bankrupt to the degree that its unworthiness as an institution is already accomplished fact. Indeed, most of the leading banks of Europe and the Americas are already in a state of financial dilapidation beyond bankruptcy, in which only state-conducted reorganization in bankruptcy could prevent their early, chaotic collapse. That bankruptcy of the IMF and World Bank, was already built into the system, axiomatically, far in advance, when the “floating-exchange-rate” system was introduced, during 1971-1975. The collapse was only a matter of time; decades have passed, the time has come.

Moreover, the existence of the IMF is nothing but a fiction created by sovereign governments. Those governments now have the responsibility, and authority, to act in concert to put the IMF through bankruptcy-reorganization, and to replace it entirely with a new institution, preferably a gold-reserve system, perhaps at \$1,000 per troy ounce, free of the folly of floating exchange-rates, and committed to modes of regulation associated with the IMF of the immediate post-war, 1946-1958 interval.

In short, the rampage of those financial dinosaurs of the predatory, 1971-2002 IMF, is ending. Excepting some swamp-dwelling financier crocodilia of organized crime’s predatory characteristics, probably no financial dinosaur which chose to remain a dinosaur, would survive the presently onrushing passing of this new age of dinosaurs; nor will any nation survive, if it now seeks what it hopes would be a successful reform within the fatal framework of the doomed, present central-banking systems.

Second, the principles of a science of physical economy, as developed, uniquely, by Leibniz, and as reflected in those principles underlying the 1787-1789 drafting of the governing Preamble of the U.S. Federal Constitution, provide the only established, axiomatic, and effective alternative offered, world-wide, to those central-banking practices which are doomed to oblivion by the currently onrushing economic collapse of the present form of international monetary-financial system.

This is the most crucial, strategic issue of today’s world as a whole. The sheer, Laputa-mocking silliness of the current rash of Nobel awards for economics, reflects the combination of the customary lack of knowledge of these matters, among all but a tiny minority within today’s academia world-wide, and that hostility to reason itself fostered by the strategic inanities rampant within a post-Franklin Roosevelt U.S.A., which has added to the emotional blocks against recognizing the solutions to present global problems. These are solutions which were previously contributed, and proven by the earlier, deep, pre-March 1945 role in intellectual world-leadership represented by the tradition of the leading intellect of Eighteenth-Century North America, Benjamin Franklin. The tragedy of the contemporary United States, and others, is that the



Alan Greenspan's predatory, self-doomed Federal Reserve System is permeated with the systemic error of the doctrine of "free trade"—a doctrine abhorrent to the American System of political-economy.

most crucial fact about today's U.S.A., is now essentially unknown among even leading figures around the world as a whole. The fact is, the recently dominant position of a financier-centered, American Tory opposition to the American patriotic tradition of such outstanding leaders as Benjamin Franklin and Abraham Lincoln, is the principal factor behind the past thirty-five years economic and moral erosion of the U.S.A., from the world's leading producer society, to a decadent, probably doomed "post-industrial, consumer" society.

Especially notable, is the widespread mythical inevitability (*post hoc, ergo propter hoc*) of an unbroken alliance between the leading U.S. financial circles and the British monarchy since the successful assassination of U.S. President William McKinley. Among such afflicted academic and related circles, we meet the loss of recollection of the only systemically effective, Twentieth-Century U.S. independence from that financier interest, under President Franklin Roosevelt. Such intellectual flights from historical reality, like Karl Marx's ignorant faith in that same British error, have tended to foster today's widespread delusion, that the British system called "capitalism," also known as the "free trade" system, and the American System of political-economy, have the same essential root.

This false, but popular academic dogma, was the implied source of the error of assumption permeating author Liu's treatment of banking systems in this instance. To correct that error, to understand the fundamental difference between the British system and the American System of political-economy, one should reference the original discovery of scientific economy, by Gottfried Leibniz, and the determining, radiated

influence of Leibniz's work on Alexander Hamilton, Mathew Carey, Friedrich List, and the world's leading Nineteenth-Century economist, Henry C. Carey.

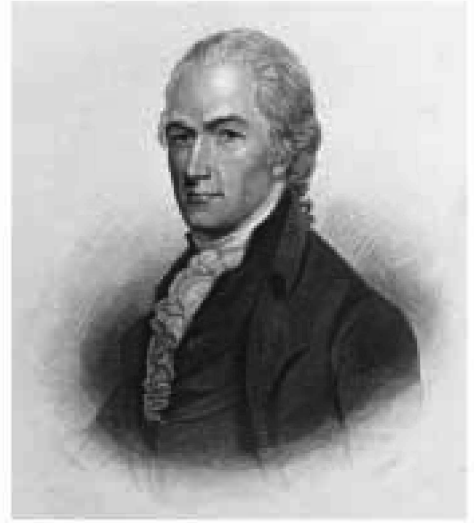
It is also important to recognize the global relevance of that certain systemic conflict within the U.S.A. itself. Those who defend my nation's patriotic, anti-Tory tradition, especially leading representatives of that tradition, are feared, hated, and defamed, as I am, by the currently dominant American Tory faction. It is nothing but a notable illustration of that point, that, on this account, over a period of not less than approximately thirty years to date, more aggregate effort has been expended by the American Tory establishment and its wholly owned mass media, in its effort to be rid of me, either by induced death or defamation, than on any other living U.S. figure of that time-frame. Today, the fraudulent defamation of me, not only within the U.S.A., but spread into places such as Europe and elsewhere today, when compared with my unrivalled accuracy as a long-range economic forecaster, is the most typical of the evidence pointing to the systemically erroneous views on U.S. history among those foolish enough to believe such defamatory, Tory rumor-mongering.

Consequently, misleading features of the present U.S. political reality, encourage the mistaken, commonplace assumption, that the present academic and related trends represent an "historically inevitable" U.S. patriotic, and global tradition. Consequently, valid ideas respecting the economy have been banned from the leading mass media and most university classrooms, and from open discussions within leading political parties. Only doctrines now demonstrated by the ongoing financial debacle to have been more or less as insane as they were popular, have been allowed officially, in universities, or in the principal mass media. Such behavior is the essence of national tragedy. The result of that corrupted standard of so-called "political democracy" is widespread credulity among policy influentials, credulity in favor of that axiomatic error of assumption implicit in the currently prevalent official views on debt and banking reform.

Therefore, if I have now included here some points which I have treated in numerous locations published earlier, it was necessary, in any address made, inclusively, to an Asia audience, to bring all the essential premises of my conclusions respecting peculiarities of European history into the realm of a global set of predicates.

Who Is the U.S.A.?

European civilization can not be efficiently understood in East and South Asia, except when that subject is viewed as traced, essentially, as an outgrowth of the influence of, and reactions against the ancient culture of Egypt. It was an Egyptian influence which contributed greatly to producing what came to be known in history-books as the Etruscans' and Greeks' exemplary role in the emergence of Mediterranean civilization from a preceding "dark age" of the Mediterranean region. Thus, since the Romans' cultural genocide against the



The First National Bank of the United States, in Philadelphia. Its founder, Treasury Secretary Alexander Hamilton, reflecting the influence of Germany's Gottfried Leibniz, created the American System of political-economy.

Etruscans, the surviving Classical Greek civilization, as dated essentially from such figures as Thales and Pythagoras, has been the principal, surviving starting-place of reference for all subsequent cultural achievements of globally extended European civilization over more than 2,700 years to date.

However, in the aftermath of that great folly known as the Peloponnesian War, Greek political life went into decline, although the core of the culture's intellectual life, chiefly expressed by the followers of Plato, continued to dominate all progress occurring within leading aspects of Hellenistic culture. This supremacy of Platonic Classical culture continued through the lifetimes of Archimedes and Eratosthenes, until the rise of Rome toward imperial power throughout Europe, that in the aftermath of Rome's military conquests, and accelerated spread of chattel slavery, as dated from approximately 200 B.C. onward.

Since those ancient times, all European culture, including that of the Americas, has been dominated by a single, subsuming, internal conflict: the continuing conflict between the decadence of the Roman Empire, a tradition known as *Romanticism*, and the opposing *Classical* tradition which is to be traced, chiefly, from the Greece of Plato and his Academy.

This political division between Classical and Romantic, erupted afresh, with full force, within Eighteenth-Century, English-speaking North America. The crucial breaking-point in this development came in 1763, prompted by the British monarchy's determination to crush the freedoms and economic development of its North American colonies. The great division between patriots and those whom President Franklin Roosevelt later denounced as "American Tories" of his time, was defined, philosophically, as a division between the followers of Gottfried Leibniz's anti-Locke "life, liberty, and the pursuit of happiness," the patriots, on the one side, and

the followers of the pro-slavery dogma, "life, liberty, and property," of John Locke, on the opposing side.

From the standpoint of science, this same deep cultural division within the U.S.A., was expressed by the opposition of that Classical Greek tradition adopted by such as Nicholas of Cusa, Leonardo da Vinci, Johannes Kepler, and Leibniz, against those expressions of Romanticism paraded under the assorted flags of the modern reductionists, such as our empiricists, positivists, and existentialists. From the standpoint of art, the same opposition is that of the Classical, to the characteristic irrationalism of the Romantic and modernist.

The central issue of this continuing, principal philosophical division between patriots and Tories in today's U.S.A., is otherwise expressed, on the one side, by the Preamble of the Federal Constitution, in which three great universal principles of the whole Constitution are defined, as these are in contrast to, on the other side, the pro-Locke Preamble of the Constitution of the treasonous Anglo-French-Spanish puppet, that slaveholders' insurrection known as the Confederacy.

The three U.S. constitutional principles of that Preamble are: 1.) The principle of sovereignty of the nation-state republic; 2.) That no government rules legitimately under natural law, unless it is efficiently committed to promote the general welfare of all of the people; 3.) The commitment to act in ways which effectively plan to ensure the progress in general welfare of posterity, rather than let the future be consumed by the momentary appetites of the present moment. The essential conflict between those principles and the existence of central banking systems, or the plainly anti-constitutional Federal Reserve System, is clarified at a later point within these remarks.

However, while those details of internal U.S. history are indispensable for any competent assessment of the United

States today, one must never be misled into the chauvinistic presumption, that the development of the U.S.A. was chiefly an internal, North American matter. It is more or less essential, under the present conditions of global crisis, that all regions of the world come to recognize the global implications of the relevant, leading points of that internal history of North America.

Both the English and French colonization in North America were, in large degree, not only a benefit from the Fifteenth-Century Renaissance, but, on the dark side, a flight from both the condition of religious warfare dominating Europe during the interval of the 1511-1648 “little dark age” of Venice-orchestrated, Habsburg-led religious warfare, and a response, on the better side, to the still-embattled achievements of that 1648 Peace of Westphalia, such as the work of Leibniz, which restored a condition deserving of the name of “civilization” to Europe.

This 1648 peace was brought about largely through France’s Jules Cardinal Mazarin’s skilled diplomatic efforts; Mazarin’s political heir, and patron of the scientist Leibniz, Jean-Baptiste Colbert, led Europe in a great development effort, during a time following the 1648 treaty. Unfortunately, the combination of the wrecking of Mazarin’s and Colbert’s work by self-avowed “Sun King” Louis XIV, and the predatory role of William of Orange on the continent and in England, led to a condition in Eighteenth-Century Europe, in which there was no immediate possibility of resuming those earlier, Fifteenth-Century attempts as by France’s Louis XI and England’s Henry VII, at developing modern nation-states.

Under the conditions defined by the early, war-torn Eighteenth-Century Europe, the best minds of the Old World looked to the English colonies in the new, as the only available location for building up that model of a true republic which they hoped to introduce back into Europe itself. *The consequent establishment of the U.S.A., with the Preamble of its Constitution, under the continuing leadership of Benjamin Franklin, was, therefore, a truly great historical exception within the modern history of globally extended European civilization as a whole.* The significance of the U.S.A., for good, or for evil, is located in the current U.S. acceptance, or evasion, of the obligation inhering in that *exceptional historical fact* of all modern history.

Unfortunately, the France events of the period from July 14, 1789 through the toppling of the first model fascist tyrant, Napoleon Bonaparte, produced a pattern of developments in Europe under which no true republic has been firmly established there to the present time. Despite important, even great reforms in such relics as feudalistic parliamentary systems, there have been two great flaws in those reforms. First, the imperialistic “gene” still deeply embedded, if often only as a vestige, within the ideological heritage of modern Europe’s present and former monarchical systems; and, second, the power held by central banking systems. These were the princi-

pal, axiomatic errors of practice which made possible British King Edward VII’s pre-orchestration of the first of two Twentieth-Century World Wars, that on behalf of so-called “geopolitical” issues between respectively land-based and maritime powers. Continental Europe has not been permitted to recover fully from the deep effects of those two wars, to the present day.

The Anglo-Dutch World System

The key to this tragic feature of modern history to date, is the role of that Venetian model expressed institutionally through the continued, toxic influence of modern central banking systems. The rules of the game imposed upon nations by those forms of banking systems, have created the unnatural condition which author Liu’s commentary has failed to recognize. As I shall show, his commentary errs by implicitly accepting those artificial boundary conditions. His argument limits the mooted choices at hand to practices which accept the continued reign of that fatal disease of medieval banking which dooms the dinosaurs of central banking and related practices today, as it did during the mid-Fourteenth-Century “New Dark Age.” He makes, in other words, not an *ad hoc* error, but, rather, the same *systemic* error of today’s typical U.S. classroom. He adopts implicitly the prevalent, mistaken historical assumptions respecting the issue of a choice between principled, properly state-regulated, or, in the alternative, diseased roles of banking in modern agro-industrial, nation-state economies.

The history of European civilization since approximately 200 B.C., is divided among three, successive long-wave phases. The first period, as dominated by Rome and its legacy, was concluded with the eruption of modern European civilization from within the Italy-centered revival of Classical Greek traditions in science and art, during the Fifteenth-Century Renaissance. This Renaissance produced the birth of the first modern, sovereign nation-states (commonwealths), Louis XI’s France, and Henry VII’s England, states based upon that controlling principle of the general welfare, the principle known in Classical Greece as Socrates’ alternative to the wicked practices of the figures Thrasymachus and Glaucon, the notion of *agapē*.

The second period, sometimes named a “little new dark age,” was a turning back of the clock of history, from the achievements of the Fifteenth-Century Classical Renaissance, toward feudalism. This “little new dark age” is dated to the epidemic condition of religious wars, launched by Venice and its Habsburg allies, during the interval from 1511 to the 1648 Treaty of Westphalia. This pre-1648 collection of horrors, was a period of Habsburg-led resurgence of those same Venetian forms of anti-Classical, Romantic traditions which had led medieval Europe into the mid-Fourteenth-Century “New Dark Age.” During that awful 1511-1648 interval, although the modern development of the Classical influence grew stronger among a minority, as Sir Thomas More, Fran-

çois Rabelais, Cervantes, Gilbert, Shakespeare, France's Henry IV, and Kepler only typify this, the political power lay predominantly at the disposal of the horrible.

The third period, including the present time, is that of increasing world-domination by the presently continued unfolding of that conflict, between the then-emerging, future U.S. republic of 1789 and 1865, on the one side, and the Venice-modelled, imperial system of financier-oligarchical maritime power. That Venice-modelled influence was expressed by the amoral liberalism of Locke, Hume, Adam Smith, and Jeremy Bentham, under the respective Dutch and British monarchies, among the opponents of the U.S. Constitution. The most characteristic, continued feature of that liberal-monarchical form of imperial maritime power, is the Venetian model of symbiosis, a symbiosis arranged between the power of the state, on the one side, and, on the other, the rentier-financier form of oligarchical power residing in the independent institution of a tyranny rooted in a privately controlled central banking system.

Under that modern continuation of the Venetian model, a fanatically superstitious, primitive, adoration of money, the mere symbol of wealth, replaces the proper role of that real increase of wealth, as the latter is expressed by increase of the potential relative population-density of mankind. The ills of the world economy today, are chiefly the natural outgrowth of an epidemic expression of that mental disease, called monetarism.

Our planet is still lodged within the latter, third period of modern European civilization. During this period, three outstanding initiatives by the U.S.A.'s patriotic tradition, have had the most powerfully beneficial impact upon the fate of nations throughout this planet.

The first was the 1776-1789 establishment of the U.S. Constitutional Republic, a republic whose example the British monarchy and Habsburgs sought, repeatedly, to eradicate from the memory of the world during the interval 1782-1863.

The second was the leadership of President Abraham Lincoln, not only in defeating that traitorous Confederacy co-sponsored by the same combined British, Napoleonic, Spanish monarchy's interests' in the rape of Mexico under the Habsburg tyrant Maximilian, but by presenting to the world a U.S. become the world's model of an agro-industrial nation-state, at the Philadelphia Centennial celebration of 1876. During 1863-65 the U.S.A. solidly defeated the cabal of Lord Palmerston, Napoleon III, and the Habsburgs in the latter's schemes for destroying the U.S., both directly, through the Confederacy, and indirectly, through those powers' imposition of the evil tyranny of the Habsburg Maximilian on Mexico.

Over the course of the decades immediately following the U.S. victory of 1876, the American System of political-economy, served as the model to inspire the post-1877 industrial revolution in Bismarck's Germany, the adoption of the

American model by Japan, and the role of scientist Mendeleev in the industrial development of Russia, and the inspiration of Sun Yat-sen's campaign to establish a New China.

The third development, was the role of President Franklin Roosevelt's leadership. Britain's King Edward VII, the one known as "The Lord of the Isles," had captured the U.S. Presidency under patriotic Franklin Roosevelt's pro-Confederacy cousin, Theodore, and Ku Klux Klan fanatic Woodrow Wilson, making them tools of the British imperial cause. Franklin Roosevelt created the preconditions for ending that world hegemony by what I shall now describe summarily as the Anglo-Dutch imperial maritime system of financier-oligarchical rule. Franklin Roosevelt's untimely death allowed the financier-oligarchy to turn the world back, away from the Roosevelt promise of a just post-war world, in the direction of a utopian reincarnation of the old imperial maritime system.

As of 1945, two efforts, the launching of the two World Wars of the 1914-1945 interval, had failed to crush the embedded U.S. patriotic impulse toward establishing a world system of respectively sovereign nation-state republics.

Unfortunately, the occasion of President Franklin Roosevelt's death was exploited for the general purpose stated by those enemies of the U.S.A. who were the founders and leaders of what became today's Anglo-American utopian faction, H.G. Wells and Bertrand Russell. This pair of scoundrels, assembled treasonous forces best typified by Russell's Unification of the Sciences plot, to use a triad of land-based, maritime, and aerospace nuclear weapons, to terrorize the world into submitting to world government under the American Tories and their British co-thinkers. The post-1945 conflict of the superpowers, the 1964-1972 U.S. war in Indo-China, and the shift of the U.S.A. from a productive nation-state economy, to a neo-imperialist consumer society, were conditions set into motion by such followers of Wells' and Russell's scheme, as 1969-1981 National Security Advisors Kissinger and Brzezinski. This latter phase of the Wells-Russell utopian scheme for Anglo-Saxon world government, is the leading proximate cause for the present combination of a world depression produced by a presently collapsing, hopelessly doomed, world monetary-financial system.

The characteristic feature of the economic policies of both government and supra-national agencies, under that latter scheme, is the Anglo-Dutch version of the Venetian model of central banking represented today by the current policies of the IMF.

The Venetian System

From approximately 200 B.C. until the accession of the European Emperor Otto III, the Mediterranean and relevant adjoining portions of Europe were dominated by a succession of the original Roman Empire, and, later, Byzantium. From the time of its resurgence as a relatively independent power, with the accession of Otto III, Venice, step by step, supplanted

decadent Byzantium, and assumed increasing power as the dominant imperial maritime power in the region. At the center of that imperial power, was Venice's role under the reign of a political system, of the Doge (Duke) and his Council, a dictatorship of and by a slime-mold-like financier oligarchy.

With the rather rapid collapse of the physical power of Venice as a state, following the 1648 Treaty of Westphalia, the Venice model of financier-controlled imperial maritime power, was bestowed upon the Netherlands and England of

the tyrant William of Orange. The principal rival of the Anglo-Dutch clone of Venice, was the landed feudality of the Princely Council dominated nominally by the Habsburgs; that rival was weakened, especially over the decades following the post-Napoleon Congress of Vienna.

With the ruin of France, and the crushing of the "Three-Kaiser Alliance," through the effects of World War I on the continent, the London-led Anglo-Dutch Venetian model of imperial maritime power dominated Europe as a whole. The

death of President Franklin Roosevelt gave that Venetian model adopted by our American Tories world-hegemony, especially with the combined effects of the retiring of President Eisenhower and assassination of President Kennedy.

As a result of this stepwise accretion of power of Venice-modelled Anglo-Dutch liberalism, over these recent three centuries, the Venetian model of an imperial maritime power associated with a ruling financier oligarchy, became the axiomatic basis for the hegemonic constitutions and quasi-constitutions of Europe. The role of that curious relic of feudalism, the central banking system, is a characteristic feature of that so-called “liberal,” or Venetian model.

Hence, most immediately, as a result of the pro-liberal changes in the world’s hegemonic monetary-financial system since August 15, 1971, the planetary economy as a whole has been transformed, over the recent three decades, into an increasingly depraved, currently bankrupt mass of moral, intellectual, physical-economic, and, now, financial wreckage.

There have been two principal causes for this 1971-2002 change. The first, which I need merely identify here, is the factor which I addressed in such published locations as my Presidential campaign’s recent report, on the adoption of the Wells-Russell design, for a neo-Roman, English-speaking one-world empire premised on the fear of nuclear arsenals (*A Boldly Modest U.S. Global Mission*). The cultural changes, introduced during the 1960s, within globally extended European civilization, in furtherance of that imperial goal, supplied the motive for the 1971-2002 radical change in axioms of the world’s monetary-financial system, and economic policies as well. It was these changes which brought about the implicitly inevitable, present collapse of the existing world system as a whole. Crucial was the past three-and-a-half decades of intentional termination of the U.S.A.’s role as the leading producer economy, as my nation was transformed into today’s parasitical, increasingly post-industrial consumer society.

The mechanism through which the world economy was put through such controlled disintegration of the pre-existing economy, was the instrumentality of a radically liberal form of IMF-dominated, regulated network of both central banking systems and a U.S. Federal Reserve System which has degenerated to similar effect. The point has now been reached, at which the possibility of survival of the world economy, including the present nations, now depends absolutely upon uprooting all vestiges of a ruling network of central banking systems. If we do not do that, civilization itself will be plunged into a global dark age, comparable to, or worse than that which struck Europe during the Fourteenth Century. What central banking systems choose, is no longer relevant among sane and competent economists; the only relevant thing is what sovereign nation-states decide to do about replacing those inherently bankrupt relics of feudalism, which are called central banking systems.

2. Piercing the Veil of Sense-Certainty

Now, I come to the issue of economics as such, by which I signify *physical economy*, not financial accounting.

On this point, the pivotal, systemic quality of difference between Classical and Romantic cultures, is their contrasted views of the matter of sense-certainty. In contrast to both the Classical Greeks since Pythagoras, and the greatest scientific minds of modern European science, the relatively inferior cultures are gripped by the delusion that what is real is that which the senses imagine that they see, hear, taste, smell, and touch. When that childish error of assumption by relatively brutish cultures, such as the Roman Empire’s, is taken into account, it should be difficult to pin-point those pivotal accomplishments of the superior Classical Greek scientific thought, which are summed up in Plato’s *Republic*, notably, on this account, in his use of the allegory of the Cave.

Such an understanding of this problem, is the indispensable starting-point for any scientifically competent body of thought respecting economy.

The senses are living organs of our bodies, which reflect, about as faithfully as shadows do, the impact of the experiences which the senses as such can never “see” directly. Science is the practiced accumulation of discovery of what are practically provable to be universal physical principles, principles which can not be seen directly by the senses, but which correspond to those efficiently existing forms of action which increase man’s power in and over the universe, yet are acting from beyond the veil of sense-certainty.

Take as an example, the matter of gravitation. Consider, as an obvious choice of illustration, the uniquely successful method of the only original discovery of a principle of universal gravitation, by Johannes Kepler.

The continuation of that erroneous Aristotelean method revived and dictated by the decadent Roman Empire, prompted not only Claudius Ptolemy, but also Copernicus and Tycho Brahe, to devise schemes which sought to explain sense-perception of the astronomical heavens (normalized sensual observations) according to Aristotelean principles.

Kepler, adding more precise measurements to those of Brahe, showed empirically that the planetary orbits were elliptical, not circular, and did not represent uniform motion. Both the entire system of Aristotle, and also the empiricist hoaxster Galileo, were forever discredited by that single discovery of Kepler’s. This paradox discredited, in fact, all astronomy based on the simplistic view of sense-perception, and led to Kepler’s discovery of universal gravitation, and thus to the founding of the first comprehensive approach to constructing a mathematical physics.

Kepler showed, thus, the existence of a universally efficient principle of action, operating as if from behind the shadow-world’s veil of mere sense-perception. Gravitation,

like all universally efficient physical principles, is not an object of sense-perception. It is not something which can be merely “learned,” as learning and symbolism are associated with sense-certainty; it can only be known, as a universal hypothesis validated by appropriate experimental methods of proof. As Plato emphasized in his dialogue on the doubling of the square, and as Leibniz and Gauss, among others, showed, our knowledge of these principles is dependent upon proof of their unique *power* to enable us to change willfully the real world, such as that of nuclear microphysics, which is acting from beyond the mere shadows that the real world projects upon our sensorium.

This same view of physical science was already characteristic of Classical Greek scientific thought, as from Archytas and Plato through Archimedes and Eratosthenes. Typical are the Classical Greek topics of constructing a square double another square, doubling a cube by construction, and the powerful implications of the series of the five Platonic solids. This was a conception which became temporarily lost to European civilization wherever the relatively brutish, corrosive influence of Romanticism prevailed. These are the same points on which Carl Gauss caused a revolution in modern mathematical physics, founding the concept of the complex domain, in his 1799 report of his discovery of the first valid form of a fundamental theorem of algebra. Plato, in his *Theaetetus* dialogue, associated this complex domain with the domain of the *physical powers*, beyond sense-perception, by which things impossible within sense-certainty geometry, were brought into existence, as shadows, within the shadow-world of sense-certainty.

Leibniz, similarly, in his discovery of the fundamental principle of a science of physical economy, gave the Platonic name of *powers* (*Kraft*) to the effects of application of discovered physical principles to improve the practice of economy. Gauss employs the same notion of *powers* in defining the complex domain. The Leibniz-Bernouilli proof that the catenary, the characteristic reflection of the complex domain, expresses a principle of universal least-action, is the most efficiently simple demonstration of Leibniz’s *physical* principle of the infinitesimal calculus, opposite to the famous conceits of Carl Gauss’s adversaries Lagrange and Cauchy.

The use of Socratic method, to adduce the efficient existence of those powers called universal physical principles, as acting on our senses from beyond the veil of sense-certainty, is the essential, experimentally defined demonstration of the fundamental difference between the human individual and the lower forms of life. No other species is capable of willfully increasing, again and again, its potential relative population-density.

This difference is expressed as the increase of the relative potential population-density of the human species, above the millions possible among species of higher apes, to the billions of today. The potential of the human species, *not only to generate an individual’s discovery of an efficient principle of*

action from beyond the veil of sense-certainty, but to induce the replication of that act of discovery in succeeding generations, is the essential species of action which separates human cultures scientifically from the attributed cultures of the lower forms of life. The general expression of this is the resulting increase of the potential relative population-density of mankind, as measurable per capita and per square kilometer of surface area.

Through this cognitive mode of individual and collective reaching beyond the veil, man not only improves his individual power over nature as he finds it, but changes his environment, as by scientific revolutions, and by means of development of capital investment in physical improvements of conditions of production, such as basic economic infrastructure,

It is by the maintenance and enhancement of such willful improvements in human knowledge and physical-capital improvements, that the productive powers of labor are maintained and also improved. In the science of physical economy, the mind looks at the shadow-world of sense-certainty from a vantage-point beyond the veil of sense-certainty, and measures the performance of economy in physical, rather than merely financial terms, accordingly.

Useful Versus Toxic Money

In a sound nation-state system, as under the U.S. Federal Constitution, the power to create and regulate all forms of monetary currency, is restricted to the sovereign power of the state; *no monetary power external to regulation by the state is permitted*. The properly governing objective of those acts of creation and regulation, is to control the behavior of the effects of circulation of money, that for the purpose of fostering results which will coincide with desired intentions of physical-economic goals serving the maintenance and improvement of the general welfare. That constitutional restriction draws a line of separation between useful and usuriously toxic forms of that purely symbolic, empty form of existence called “money.”

The significance of this argument is illustrated most simply, by considering two of the most common expressions of popular but intrinsically psychopathic opinions concerning money. The first, is the delusion that there is a natural rate of interest on loaned money. The second, is that the proper rate of interest on any particular lot of loaned money, is determined by an (actually non-existent) “law of supply and demand.”

First of all, contrary to those marginal minds who babble about a non-existent magnitude called “utility,” the investment of money as such will not increase the level of wealth produced by society. Paper remains paper, and, within the bounds of the real world, paper values tend more readily to burn than to breed.

Improvement—i.e., physical growth, increased physical productivity, physically improved product—occurs solely

through *physical investment in the production of those physical effects* which tend to increase the average level of the physical-productive powers of labor in the society as a whole. The state, with its unrestricted sovereign authority for the creation and circulation of its currency, must shape the rules of credit and monetary circulation in ways which tend to foster the physically desired long-term physical effects. The emphasis must be as much, or even more, than on the short-term effects.

The most difficult challenges are posed by matters lying within the categories of medium- to long-term *capital cycles*. To define competent policy bearing upon these cycles, one must always consider the physical cycle as primary, and bring the financial reflection of that physical cycle into conformity with the physical valuation.

The most elementary type of long-term economic cycle is measured in generations: the investment which must be made, cumulatively, in the development of the newborn infant into an educated, economically efficient young adult, a generation later. For example, the cost and prices of production and exchange, must reflect the incurred physical cost of that investment in the development of a new generation of a certain productive potential.

The variation in quality of the physical investment by society in any one generation, were better estimated in terms of the gains in per-capita physical productivity of society over a minimum of two generations, approximately fifty years, and, still more reliably, three generations. *The essence of any effective leadership of a nation, is to be measured as the intellectual power of foresight and will, to set effectively into motion today, future generations' achievement which could not be realized within the bounds of a single generation.* In President de Gaulle's France, this was expressed by the notion of *indicative planning* of long-range investment priorities. Such "indicative planning" was the basis for the U.S.A.'s "economic miracle" of 1861-1876, of President Franklin Roosevelt's recovery program, and the stunning technological benefits, for the economy as a whole, of the Kennedy "crash" space program.

Apart from the society's investment in the typical family household's development of its successive generations, we must consider several exemplary, other types of long-term cycles of physical investment. There is investment in basic economic infrastructure, such as systems of general transportation, power generation and distribution, water management, land reclamation, sanitation, education, and health-care systems. These involve cycles to be estimated and measured in spans of two or more generations. There is, typically, private capital investment in local productive capacity, as of agriculture and manufacturing. There are also two very special categories of individuals' activity, in scientific discovery and productive entrepreneurship as such.

With the latter pair of capital cycles, science and produc-

tive entrepreneurship, we touch most directly on the most crucial features of a modern economy: the sovereign role of the cognitive powers of the individual person in generating progress. Although only some entrepreneurs employed in production perform their function of economic leadership as scientists, all effective entrepreneurship among farmers and manufacturers touches upon the same role of leadership exerted through the sovereign powers of the individual mind so reflected, if in a relatively diluted, and also indirect form.

The essential feature of increases in physical productivity in production of agricultural, manufactured, and related physical goods, is the impact of variations in the practiced rate of investment in fundamental scientific progress, and that progress's determining control over the potential rate of technological progress. These overriding scientific-technological determinants of the boundaries of increased productivity, are expressed mathematically as *physical powers*, as the Gauss-Riemann domain defines the *physical* meaning of the mathematical complex domain, contrary to Gauss's reductionist adversaries Lagrange and Cauchy.

No existing financial-accounting system, or methods derived from the reductionist, ivory-tower notions of "systems analysis," by such clones of Bertrand Russell as Norbert Wiener and John von Neumann, can competently assess such aspects of the physical-economic processes. Financial accounting, systems analysis, and other "ivory tower" misconstructions of economic analysis of real economies, will always, and always do produce wrong-headed policy directives, that as a consequence of the lack of correspondence of such simple-sense-certainty-based mathematical schemes to the real universe within which physical economy actually exists.

Put the usually questionable role of the corporate absentee-ownership to one side for a moment. Focus upon the example of the owner-operated small- to medium-sized manufacturing firm whose essential contribution to the society's economy is either generating, or, more frequently, producing technological advances in product and process designs. Compare this entrepreneur's truly Classical role in society with the contribution of those discovered universal physical principles which Plato, Leibniz, and Gauss, for example, define as the physical powers of the mind to change the real world which exists beyond the veil of sense-certainty.

In the latter example, the scientific discoverer, the characteristic physical-economic activity of that individual, is the *power* unique to the sovereign creative powers of the human individual, to generate valid working definitions of universal physical principles. In the case of the referenced type of entrepreneur, we have a case best understood by comparison with that of the scientific discoverer. Power, as used by me here, has the same connotations as Plato's use of the equivalent term in his treatment of the construction of the doubling of the square, Leibniz's use of *power (Kraft)* in defining a science of



Thomas Edison (left) and engineer Charles Steinmetz typified the spirit of productive entrepreneurship that is indispensable for the progress of a modern economy.

physical economy, and the physical meaning of the use of the notion of *powers* in both Gauss's 1799 report of his discovery of the fundamental theorem of algebra, and Riemann's definition of the physical-experimental significance of powers within the concluding portion of 1854 habilitation dissertation.

Physical Science and Society

The development and use of these qualities of the sovereign cognitive intellect of the individual person, is the underlying, unifying principle of all competent economics knowledge. The modern republic, typified by the intent of the Preamble of our historically exceptional Federal Constitution, is intended to develop our economy as an instrument through which to bring those creative powers of the sovereign human individual into play, as the reigning feature of our medium- to long-range policy decisions. We must recognize that there exists no populist, or other sort of reductionist social or other system, by means of which those specific kinds of fruits of the individual intellect could be generated "collectively."

The function of the proper political design of a republic, is to create the combined social and physical preconditions, under which the development of the creative powers of every individual (as Plato, Leibniz, and Gauss defined "powers") is fostered, and in which those with developed such sovereign creative powers of the individual mind, from whatever prior

station in life, are steered into opportunities to supply society as a whole with the performance of those functions which the creative scientist, entrepreneur, and workman bring to the social-economic process.

There is no way to calculate arithmetically the value of such persons and their work; we must rely on producing such persons, and affording them the circumstances to do their work. *We measure economic growth, not in simple arithmetic magnitudes, but in powers.* Each such power is expressed in the form of a discovery of a universal physical principle. (Physical principles include those Classical-artistic and other social principles for which an efficient, specific physical effect may be demonstrated experimentally. These principles are discovered in the same way in which universal physical principles of abiotic and biological processes are demonstrated. The restriction is, that only those artistic and related social principles which conform to Classical principles can be defined as principles in this manner.) It is the accumulation of the combined transmitted, and new discovery of such principles, as *powers*, which defines human progress scientifically. Therefore, the most profitable form of national economy is known to be the type of science-driver program which U.S. President Kennedy motivated.

Therefore, we must never permit today's generally accepted definition of a financial-accounting system, or its derivatives, to determine our government's economic policies. It is the generation, transmission, and application of the dis-

covery of such *powers*, which is the sole mode of action by which the characteristic productivity of a society (e.g., an economy) is effected. These powers define the *physical action*, performed on the universe, by means of which the increase of the productive powers of labor may be measured in a meaningful way. Ultimately, there is no valid definition of *profit*, unless we mean the term “profit” as it might be applied to measuring the performance of a national economy considered as an indivisible unit. Neither an individual human being, nor an economy, actually exists as the sum of its separable parts.

The Noösphere, Again

The ability to generate and transmit an experimentally validatable discovery of a universal principle, is the only existing definition of specifically human nature, which is available from within the bounds of so-called physical science. No higher ape, even one capable of learning to pass a computer-scored, multiple-choice-question form of university examination, can perform this specifically human act.

This distinction was emphasized by Russia’s Vladimir I. Vernadsky, who was the first to present durable definitions of both the Biosphere and Noösphere. This power of the sovereign cognitive power of the human mind, to accomplish what Immanuel Kant, Bertrand Russell, Norbert Wiener, and John von Neumann insisted were impossible, to generate, willfully: knowledge of a universal physical principle. This is the form of action which sets the human species, categorically, above all lower forms of life. This defines the Noösphere.

It is precisely this form of cognitive action, which provides the only functionally meaningful distinction between an economy, and a society of baboons. Thus, science reveals what many observers of our nation’s economy have long suspected: there is nothing in the subject-matter adopted by financial accounting, or systems analysis, which reflects any specific quality of distinction between the work of baboons and Chicago University or Harvard Business School economists.

These considerations should warn us, that a standard of measure which fails to express such a functional distinction between societies of baboons and people, altogether misses the purpose of competent economics practice. However, when the moral implications of this point are brought into view, a much more unpleasant judgment is passed on Chicago University economists as a zoological type. The doctrine of “free trade” which admirers of Turgot complained Adam Smith had plagiarized from the work of Physiocrats such as Turgot and Quesnay, defines an economy, as by Quesnay’s neo-manichean, *laissez-faire* dogmatism, as based upon the exploiting and culling of herds of slave-like human cattle.

The specific accomplishment of the Fifteenth-Century, anti-Romantic, Classical Renaissance, was the partial realization of Cardinal Nicholas of Cusa’s combined *Concordantia Catholica* and founding of modern experimental science, *De*

Docta Ignorantia, in the founding of the modern commonwealth, under France’s Louis XI and England’s Henry VII. It was the introduction of the state’s accountability, under the general welfare principle, for the development of the human powers of all persons, which frees bestialized serfs to become citizens. It was this overturning of that Code of Diocletian which had permeated the practice of imperial (*ultramontane*) feudalism, which unleashed those creative powers of mind which had been suppressed in the cattle-like role assigned by the likes of Quesnay, Locke, and Adam Smith, to serfs and cheap labor generally.

The essential faults of the use of financial accounting and systems analysis for a science of physical economy, is that the view of man implicit in the former two, is an inhuman one. Contrary to Quesnay and Smith, it is men whose creative powers of work create new wealth, and it is the beasts who prey upon them, such as Quesnay, Locke, and Smith, who keep the accounts.

3. Banking Under Imperial or National Economy

The characteristic organization of that Venetian model which we know as the Anglo-Dutch liberal model of society, divides the control over society among two powers: the state and the slime-mold-like entity which is the collective organ of the financier oligarchy. The latter assumes the form, typically, of a modern, so-called “independent” central banking system, or the post-1971 International Monetary Fund (IMF).

The latter, by its nature, its powers, and its customary practice, is an inhuman parasite upon mankind. Under this arrangement, the state, which is notionally accountable to the people, is actually dominated, even ruled by its obligation to an alien, predatory agency, an occupying power, a financier interest, which operates within society, but which is allowed to operate without efficient accountability to the societies upon which it preys. This is the plain way of speaking about that wondrous expression, “the independence of the central bank,” a phrase which turns the ecstatic eyes of the duped true believer upward, but never heavenward, in their sockets.

As a consequence, under the influence of central banking systems, such as today’s IMF, economic doctrines and practices, including financial accounting practices, are reflections of an alien power, aliens as if predatory creatures from outer space, who collect tribute from the victims in approximately the same manner the occupying khans used to loot the princes and monasteries of pre-modern Russia.

To see this phenomenon against its larger and more ancient background, this kind of arrangement between a nation and a predatory central banking system, is an outgrowth of a more ancient practice often defined in those times as *imperialism*. The empires of ancient Mesopotamia, the international

financial practices of the Delphi Cult of Apollo, and the ancient Roman pantheistic system of *Pontifex Maximus*, express the same model as the modern “independent” central bank. The common feature of all derivatives of that same principle is that the ruling agency has no efficient accountability for the effects of its policies and other practices upon the nations on which it preys.

The combined moral and economic degeneration of the U.S.A. under such utopian, pro-central-banking, imperialistic influences, during, especially, the recent three decades, has had the effect of transforming the U.S.A. from its former status as the world’s leading producer society, into a predatory, internally decadent consumer society, echoing the economic and moral degeneration of Italy following those imperial conquests which began with the Second Punic War.

In the globally extended history of modern European civilization, the alternative to central banking is identified by the precedent of the first and second Bank of the United States. Although New York and other American Tory private bankers, such as Aaron Burr, Martin van Buren, and pro-Confederacy August Belmont, succeeded, in concert with London, in suppressing the national banks of the U.S.A., the principle of national banking is implicitly intrinsic to the U.S. Federal Constitution. Here lies the most crucial difference between what Europeans have mistakenly tolerated as their definition

of “capitalism,” and the deepest axiomatic principle of that American System of political-economy which the German-American economist Friedrich List defined as the National System of economy.

The relevant moral and economic-science principle is, that no alien power not fully accountable to the sovereign nation-state government for the effects of its practiced policies, should be allowed to exist as a power above the sovereign nation-state. The agencies of banking and finance, must bear the burden of suffering the same fate as that their practices and power tend to impose upon the sovereign nation and its people. Those who insist on continuing to behave as if they were a predatory species from outer space, should find a place better suited to their natures, in outer space. The alternative to such an exodus were, that they submit to the same hazards and accountabilities as the rest of us.

That is the rule which must govern reform today. Otherwise, civilization were now plunging into a prolonged, planetary-wide new dark age.

On that account, governments must collaborate to create a new type of banking system, to supplant “independent” central banking systems. These new systems must be national banks, which maintain the framework within which the private banking and related functions of society are regulated and otherwise encouraged to do good.