

# **EIR** Strategic Studies

2007 WAS ALREADY A YEAR OF WORLD CRISIS:

## How Russia Was Surprised

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*The following report is focused upon the indicated situation in U.S.A.-Russia relations; but, the subject, nonetheless, is that immediate fate of humanity as a whole, whose favorable outcome will depend significantly on Russia's participation in its urgently needed, but corrected view of the present global situation. If the world is to avoid a presently threatened dive into a prolonged, planet-wide, "new dark age" of all humanity, four leading nations the U.S.A., Russia, China, and India—must act soon, in concert, to bring into being a new, global system of virtually all nations into a system of anti-imperialist cooperation among sovereign nation-states. Russia's playing its part in this four-power initiative, is of crucial importance for the nations as a whole. In this report, the emphasis upon Russia, is made accordingly.*

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### **Foreword**

#### **Adam Smith & Karl Marx**

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Since late into 2007 and early 2008, it appeared, more and more, that, despite my widely circulated, internationally, and solidly validated July 25, 2007 forecast of the immediate onset of a global financial-monetary breakdown crisis, a significant part of Russia's present leadership had, so far, apparently, lacked a competent grasp of what has been, in fact, the accelerating, general breakdown-crisis of the present world monetary-financial system. This has been a crisis which not

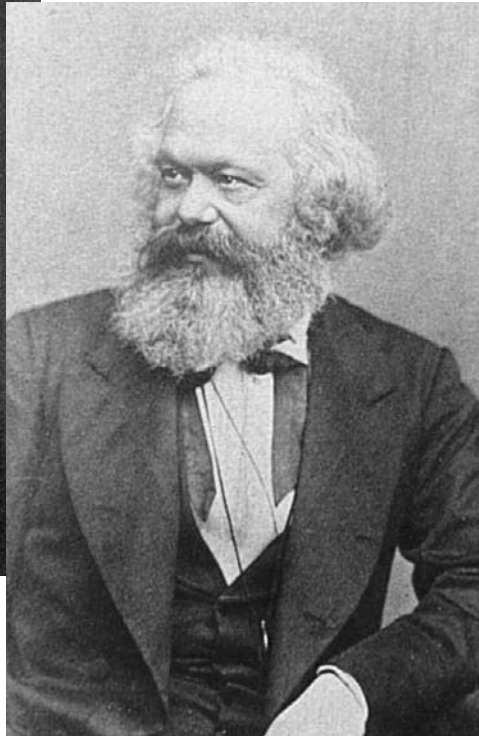
only had broken out three days after my own, July 25, 2007 international web-cast forecast of this historical development, *but*, this has been the most characteristic feature of the world's leading economic development, that on a world-wide scale, during the entire period since July 28, 2007. The apparent delusion on the part of some elements in Russia's leading circles, was shown in the form of certain groundless assurances that Russia's income from proceeds of sales of energy and other raw materials sales to foreign nations, would insulate Russia from the waves of global financial crisis already hitting the U.S.A. and others.

Despite the fraudulent attempts by certain foolish leaders of the U.S.A. and other nations, to describe the presently global financial panic as the onset of a mere "crisis of sub-prime mortgages," what actually occurred at the close of July 2007, was that the inherently hyper-inflationary, "geometrical" self-expansion of the nominal quadrillions of U.S.A. dollars-equivalent of those purely fictitious financial assets called "financial derivatives," had reached a point at which the ratio of self-inflation of purely nominal, speculative financial derivatives, which were being counted as the financial claims of the world's monetary-financial, derivatives-based system, had reached a level of rate of self-expansion at which a breakdown-crisis of the entire world's presently existing financial-monetary system had become inevitable. The sheer lunacy of the "bail-out" actions by the U.S. President and deranged leaders of the U.S. Congress, since that time, is now driving the ratio of outstanding claims to real assets toward a hyper-infla-



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*His praise for the “swindling hoaxter Adam Smith” reflected Marx’s failure to develop a scientific quality of competence in the field of political economy; hence, Marxism never worked.*



of triumphalist, and often lying leaders of the U.S. Congress, instead of permitting the adopting of my proposed July 2007 reforms, which would have saved civilization, had chosen to resort to accelerate the rate of hyperinflation of financial claims, while looting the physical asset-basis of the real economies.

Obviously, nothing less than the sudden, sweeping termination of the present system, is what is required. The current attempts, world-wide, to “bail out” the system, could have been attempted only by pathetic fools, or monstrous criminals.

Unfortunately, Russia’s government, rather than heeding my globally

tionary vanishing point.

The nearest approximation of an earlier precedent for a similar form of international break-down crisis, is to be found in Europe’s Fourteenth-Century, genocidal collapse into a great new dark age, during which the population of Europe had collapsed by approximately one-third.

In such a situation as this present crisis, the choices are, either to terminate the entire present, world-wide system through reorganization in general bankruptcy, or, by failing to do that, bring on a prolonged, planet-wide “new dark age” among all peoples and their nations. That change in the world-wide system is your only choice. Reject that change, and your nation, and your family are doomed, absolutely without optional choices. Do not even talk about “reforms;” either you kill the present world system, and replace it with a new system, top-down, as if in a single largely world-wide breath, or you personally, and your nation, are finished as of now. The count-down is now.

Already, the controllers of the world financial market, as merely typified by a greedily stupid U.S. Bush Administration and present crop of a small kernel

circulated warning, allowed itself to be misled into pretending that it would not be hit massively by what were, in fact, the inevitable spill-over of this crisis into Russia’s own economy. That spill-over has now struck Russia, hard. Freedom may include the freedom to make mistakes, as Russia has done in this matter recently. Unfortunately, that is also the freedom to suffer the consequences of those mistakes, including, in the extreme case, the freedom to commit national suicide.

In part, the failure of Russia’s leadership, so far, to correct its own mistaken disregard of my fully confirmed forecast, has become an increasingly visible source of a disorientation, perhaps supplied, in part, by certain ostensibly British assets known to me as being from outside Russia itself. This “assisted disorientation” is what has been recently suffered by some leading parts of Russia’s institutions. This error in Russia’s estimation of the current world situation, is not only an embarrassment and threat to the interests of Russia itself; a certain stubborn refusal to face this reality in some notable Russia circles, is an added source of danger, not only to Russia, but to the entire planet.

So, over the course of 2007-2008, the economic

policy of Russia's leadership appeared to be floundering, with some sharp zig-zags, as these two years wore on. Under conditions in which the avoidance of a planet-wide new dark age, comparable to, but worse than that of the mid-Fourteenth-Century "New Dark Age" of Europe is imperative, Russia's recently floundering economic policies and perspectives, are as much a menace, chain-reaction-style, to worsening the situation of the world as a whole, as to Russia itself.

Russia's apparent refusal to recognize, in time, that its recent role has turned out to have been blind faith in a vastly overpriced market for its raw materials in energy supplies, misled Russian leaders into the view that its temporary margin of profit from exports was permanent. This illusion contributed to luring Russia into its present crisis. The solid evidence in the matter, is that Russia was misled into acting as if it did not need to put the priority on investing in vigorous expansion of its industrial and related output.

Similar misjudgments by most nations other than Russia, have become the Achilles' heel of what had become the already crisis-stricken world economy as a whole, including, of course, what nearly eight years of a virtually clinically insane President George W. Bush, Jr. Administration had done, in wrecking not only the U.S.A., itself, but other nations duped into compliance with insane policies similar to those designed by London, but adopted by the Bush Administration.

The question, "What happens next to the market-price of those raw materials?" is worse than merely a diversion from the facts of the matter. The issue on which attentions must be focused, is the identity of those mechanisms which were employed to mislead Russia's government into a wholly unjustified confidence in what appeared, temporarily, to be its advantageous economic situation. However, let the blame for that lie where it should; the crucial issue for Russia's and other relevant decision-makers from around the world, now, is that continued absence of an urgently needed competence, a lack, of competent decisions, which is to be recognized from the way Russia had permitted bad advisors to mislead it into a misguided strategic economic estimation for as long as that has gone on recently.

Now, the really serious question which must be posed, and answered, is: What therefore, is my advice to the incoming U.S. Administration of U.S. President Barack Obama on a U.S. policy toward Russia? How should President-elect Obama shape his policy toward

Russia at a time that Russia is floundering in ways which its government was clearly unable to foresee, and, still, so far, seems to fail to comprehend? How must our U.S.A.'s necessary partner, Russia, be rescued from this situation?

What, for example, must U.S. President-elect Obama be told?

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## I. The Legacy of Karl Marx

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President-elect Obama must be assured, that, despite those U.S. right-wing associations which changed their names and street addresses, when what had been the shamelessly pro-Hitler fascist associations of the pre-December 7, 1941 time, had (expediently, and only temporarily) changed their political street-clothes, but not their underwear, they are no longer in control of U.S. national policy-shaping.

In the meantime, today, Russia is no longer communist. Nonetheless, to treat the subject of Russia's economic policy, still today, it remains essential to take not only the subject of Karl Marx as an economist into account, in the fashion I do that here; but, it is also necessary to consider the continuing effects of some of the still widely extant mythology on both the subject of Marx as a figure of the greater part of a century and half of recent modern history, and, also, both his direct, and indirect influence on thinking, even today, on the subject of the political-economy of the world at large. Now, speaking practically, Marxism is dead, but, the wolves of Wall Street and London are not; but, since historians and others must, still, from time to time, pay courtesy visits to Marx's political grave, the question sometimes posed to those visitors by the presently menacing world crisis-situation, is, will that grave also be, soon, their own?

All the while, Karl Marx's doctrines on economy were never actually scientific in and of themselves. They were a subordinate element within an international system of post-February 1763, imperialist, Anglo-Dutch Liberalism in the Paolo Sarpi tradition, an element which included the two principal varieties of British imperialist varieties of leading dogma respecting economy, the so-called "capitalist" version on the one side of British ideology, and the "socialist" version of the same British ideology on the other side. All sets of players were obliged to deal and take cards at the same table of a globally reigning modern Liberalism. Excepting the American System of political-economy,



Presidential Press & Information Office

*The Russian government foolishly believed that it would escape the worst of the current global economic depression, which it mistakenly believed was centered in the U.S.A. Reality has now confronted Russia's leaders with the ugly truth. Shown: Then-President Vladimir Putin visits a oil drilling tower near Surgut.*

excepting the President Franklin Roosevelt interval most notably, all leading features of the 1890-2008 world economy have been an assembling of the two, competing, types of players at the same Anglo-Dutch Liberal table. Those among you today who are wiser than most, might wish to identify it as Satan's table.

We all played according to the rules prevailing during that time. I also played at that table, personally, although being, nonetheless, a follower, in matters of economic policy-objectives, of Benjamin Franklin, Alexander Hamilton, Henry C. Carey, President Abraham Lincoln, and President Franklin Roosevelt. I played at that table, and presented forecasts in that light, not because I believed in the prevailing doctrine of practice, but, because that was the only table at which the world game of economy was actually being played by virtually all of the world's leading players, at the time.

Nonetheless, during the relevant decades of the post-World War II interval, I forecast the behavior of governments, and more, on the basis of knowing not only the physical reality of that situation, but, also knowing (sometimes better than they did themselves) the rules by which the leading players were acting, whether they were fully conscious of those rules of the game at that time, or not. Over the 1956-2008 interval, each of my forecasts have been proven to have been of the best quality from any leading source at that time. Now, that game is over, probably forever; the game,

and, also its rules, have now been changed, forever.

So, while that dirty old game had been in the process of coming to its present end, the recent approximate decade of a collapse of the former Soviet Union and its Russia sequel, up to the election of Russia's President Vladimir Putin, had come and passed. A new quality of developments in Russia has emerged to push the subject of Karl Marx (but, hopefully, not the much-needed Academy of Sciences) to the side-lines; Russia's government has found itself menaced, most immediately, by its own adoption of the misguided presumption that Russia would escape the great part of that economic depression which seemed to them, mistakenly, to radiate from the members of the trans-Atlantic economy. Reality has now soon confronted Russia's leaders with the ugly truth, that it was not the U.S.A.'s economy which was doomed, but the world system on

which Russia also depended absolutely.

Thus, now, Russia's economy itself is menaced by the effects of its own misguided over-confidence in the mis-advised, sometimes mystical presumption that there were factors, apart from the mystical powers of some ancient wind-god, which would enable Russia to avoid anything worse than a passing experience of discomforts caused by the terrible crisis seen to be, chiefly, hitting the U.S. economy and related trans-Atlantic communities.

### ***The 'Seven Years War' Factor***

The formal blunder in that over-confidence which was expressed by leading Russian circles, was the Russian government's radical mis-judgment of my warning of a new global economic breakdown-crisis of the present world monetary system, a crisis against which I had warned in what I have already referenced here, as my three-hour, July 25, 2007 international webcast. This webcast delivered a warning which has been consistently validated by relevant evidence, that it had been an already ongoing set of developments, which was to have erupted three days following my July 25, 2007 forecast. Whereas, I had forewarned, that the expected immediate crisis in the real-estate mortgage-market would be a systemic mode of a general breakdown of the quadrillions-dollar mass of speculative financial-derivatives dominating the world economy as a whole,



*The essential difference between Germany's 1923 Weimar hyperinflation (left: paper currency being transported from the bank in August 1923) and today's global breakdown crisis, is that Weimar was orchestrated by the London-directed Versailles Treaty powers, while today's was produced by the foolish complicity, over more than 40 years, of all of the leading nations of the world. Below: a closed lead mine near St. Louis,*



EIRNS/Steve Carr

the wishful believers and outright idiots of the world, wished to delude themselves with the consoling thought that this might be considered as merely “a sub-prime mortgage-crisis.” Since then, everything which has developed in international financial and related markets, has actually proceeded, contrary to that silly “sub-prime crisis” fairy tale, and in accord with both my estimated form and time-table of the process of collapse of the global system as a whole.

The best comparison to be made, against a background within the bounds of modern European history since the general, medieval breakdown-crisis of economy during Europe's Fourteenth Century, is to compare and contrast this presently onrushing, global breakdown-crisis with that of 1923 Weimar Germany. The two cases, that of 1923, and since July 28, 2007, have obvious similarities, but there are even more crucial differences.

The essential difference between the presently onrushing, global breakdown-crisis and that of 1923 Weimar Germany, is that Germany's 1923 crisis was tailor-made by, and managed by the Versailles Treaty powers, from the top, chiefly by that British monarchy which had been, in fact, the sole original author of World War I, on down. This Weimar inflation was imposed by London and its allies, to such an effect that Germany was a captive of this externally managed form of the geopolitically motivated, induced crisis within the virtual gladiatorial arena contained, essentially, within Germany's national borders. Now, today, a dif-

ferent, but somewhat similar form of world-wide breakdown-crisis has occurred, but one beyond all national borders. Consequently, the evolution of sundry aspects of the ongoing crisis, is alternating between deflationary trends in markets for consumable goods, on the one side, and continuing hyper-inflationary trends in the quadrillions-dollar-plus financial-derivative bubble, on the other.

Essentially, the bubble is neither inflationary nor deflationary, but, rather, both, simultaneously. It is a global breakdown-crisis of the present world-wide system as a whole, including all parts of the world, including all of Russia and China. The world is hovering, in fact, on the crumbling brink of a new, planetary dark age of all humanity. This crisis is not an artificially managed one, not essentially inside a single national economy, as Weimar Germany's 1923 hyper-inflation had been. This is a systemic crisis produced by the foolish complicity, over more than forty years, 1968-2008, especially the recent thirty-five years, of all of the leading nations of the world. There are available remedies for this crisis,

which could be adopted, even at this presently advanced stage of the global breakdown in progress, but the existence of any remedy requires a drastic change in the world's economic system, a change from any monetary system, including Marxist varieties, to a fixed-exchange-rate credit-system based on precisely that model which U.S. President Franklin Roosevelt had actually specified during the 1944 Bretton Woods monetary conference. Any Keynesian type of reform now, under present crisis conditions, for example, would be a disease worse than the existing illness. All compromises with Keynesianism, such as that adopted internationally under the influence of the U.S. Truman Administration, are now categorically disallowed, as being futile efforts to revive a world which had ceased to exist.

### **Marx's Role**

To grasp the reality of the present world situation, it is indispensable that we put to one side most of the customary academic and comparable presumptions respecting Marx's role in history. Some of these assumptions were practically reasonable, but disputed ones, at relevant past times. Other popular assumptions were never true, although widely believed. Now, a change in all the rules of the global game has come about. Now, the present, new world conditions, are in the process of acting against anyone foolish enough to continue to play by anyone's formerly assumed set of global economic rules.

To appreciate the included factors which have led the world into its present disaster, it is necessary to say, that, despite Karl Marx's emotionally charged outburst of praise for the swindling hoaxster Adam Smith, we must concede that Marx was not as dumb in matters of a science of economy as he often made himself appear to be. Nonetheless, Marx never represented anything resembling an actually scientific quality of competence in the field of political-economy; Marxism never actually worked, and never could have worked; it often happened to be the case, that the anti-Marxists were dumber than the Marxists.

Looking to that past state of affairs, we should say that, although some professedly Marxian economists have shown scientific capabilities, the credit to them belongs, as in the case of Rosa Luxemburg, to their preferring to look at the subjects of Marx's categories from the standpoint of ancient through modern European history and modern science, rather than, as ideologues, to the writings by Karl Marx.<sup>1</sup> The notion that there was some "science" behind Marx's views on economy, was never justified; Marx as an economist was, essentially, simply, as he himself insisted, a student of that British East India Company's Haileybury School, which expressed the axi-

1. The case of Rosa Luxemburg's exposure, as in her *The Accumulation of Capital*, of the sheer silliness of the dogma of both V.I. Lenin and the leading German social-democrats, is an excellent illustration of the point. Compare her book's thesis with the confirmation presented decades later, by U.S. State Department historian Herbert Feis.

## **Marx on Smith, Free Trade**

*Here is an example of what LaRouche describes as Marx's "emotionally charged outburst[s] of praise for the hoaxster Adam Smith." It is from an 1847 speech prepared for a conference on "Free Trade" in Brussels (reported by Friedrich Engels). The full text of Engels' article is at [www.marxists.org/archive/marx/works/1847/09/30.htm](http://www.marxists.org/archive/marx/works/1847/09/30.htm).*

These laws, which A. Smith, Say, and Ricardo have developed, the laws under which wealth is produced and distributed—these laws grow more true, more exact, then cease to be mere abstractions, in the same measure in which Free Trade is carried out. . . . If you wish to read in the book of the future, open

Smith, Say, Ricardo. There you will find described, as clearly as possible, the condition which awaits the working man under the reign of perfect Free Trade. . . . Either you must disavow the whole of political economy as it exists at present, or you must allow that under the freedom of trade the whole severity of the laws of political economy will be applied to the working classes. Is that to say that we are against Free Trade? No, we are for Free Trade, because by Free Trade all economical laws, with their most astounding contradictions, will act upon a larger scale, upon a greater extent of territory, upon the territory of the whole earth; and because from the uniting of all these contradictions into a single group, where they stand face to face, will result the struggle which will itself eventuate in the emancipation of the proletarians.

omatic presumptions of the likes of Adam Smith, Jeremy Bentham, Thomas Malthus, and David Ricardo. Nonetheless, under the circumstances of the aftermath of London's orchestration of the so-called Revolution of 1848, the movement which had been organized to become the outgrowth of the work of Lord Shelburne's Foreign Office's creature Jeremy Bentham, and which had been organized by Bentham's protégé and his successor Lord Palmerston, this arrangement had remained an historic factor in shaping the leading policies of a globally extended European history of that time, a general situation which persisted until past the 1989-1991 collapse of the Soviet Union.



Portrait by Franz von Lenbach

*Germany's Chancellor Otto von Bismarck was ousted, on the urging of Britain's Prince of Wales Edward Albert, who saw Bismarck, correctly, as the major impediment to the Prince's determination to organize a new "Seven Years War," between Germany and Russia, on the Eurasian continent. Shown (left): Bismarck, in his ceremonial uniform; Edward VII, in his coronation robes.*



### ***The Bismarck Thesis***

It had been foreseen, and later reported, by then former German Chancellor Otto von Bismarck, that Britain's plan for what became the 1890-1914 plan for the outbreak of World War I, would actually begin with the ouster, by the British, of Bismarck.<sup>2</sup> Bismarck's ouster had been followed, thus, by the assassination of France's President Sadi Carnot (as also the subsequent, strategically crucial assassination of U.S. President William McKinley), and would be a re-enactment of that same imperial policy of Lord Shelburne's British

2. During the last years of Prince Otto von Bismarck's service as Chancellor, a crucial conflict developed between Britain's Prince of Wales, Edward Albert, the chief architect what was to become the 1895 outbreak of the 1895-1945 series of Japan wars against China, the 1905 Russo-Japan War, and, after his death in May 1910, his principal legacy, World War I. The efforts to push a war between Germany and Russia from Edward Albert's London (through a Balkan war) increased. Bismarck established a secret agreement with Russia's Nicholas II to prevent Germany from being drawn into a Balkans war against Russia. For this reason, Bismarck was dumped, and the rest followed.

East India Company which had established that private Anglo-Dutch Liberal Company, at Paris, in February 1763, as a so-called "British Empire." This was an empire which was crafted, in fact, by Lord Shelburne, to be in the intended, pantheonic likeness of that of the Roman Emperor Julian the Apostate.

It was never an empire of the British people. Britain as such is merely a kingdom, not an empire. The empire, like that of ancient Rome, Byzantium, or the medieval Venetian financier oligarchy, is the empire of a "slime-mold like" form of global financier oligarchy, the polyglot empire of a cabal of financier-oligarchical, family-financier interests. The intention of the present Anglo-Dutch Liberal form of empire, crafted under leadership of Paolo Sarpi, was always to create a malthusian-like system of what is called "globalization" today—a new, blob-like, global empire in the image of the Biblical "Tower of Babel."

Given the general ignorance of history prevalent among the world's so-called leading academic historians of today, the following, interpolated description of the strategic setting of 1890-2008 world history, is in-

dispensable for anyone who could wish to be considered a competent strategist for the circumstances now faced by the world at large.

With the death of Lord Palmerston, and the ensuing affair of the Paris Commune, Karl Marx was dumped by the British Foreign Office, by Mazzini, and by the notable German and other socialists of that time as well. Nothing done by Marx himself had much of anything to do with the later prompting of his fame's later revival. Then, later, in the tradition of the practices of the Roman Empire's Julian the Apostate, the name of Karl Marx was restored, posthumously, to the pagan religious pantheon representing the polyglot—or, "poly-clot"—known as the British Empire.

The post-1890 circumstance under which the forces associated with Prince of Wales Edward Albert's scheme for imperial warfare, orchestrated what became a so-called "World War I," had been the circumstances which London recognized as the effect of the victory of President Abraham Lincoln's United States over those schemes intended to destroy the U.S.A., schemes which had been originally launched by the newly created British Foreign Office of 1782, and developed, first, on behalf of Lord Shelburne under the direction of the Secret Committee of Shelburne's creature Jeremy Bentham, and, then, Bentham's trainee and successor Lord Palmerston.<sup>3</sup>

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3. Bentham's Foreign Office predecessor of MI-6 not only ran Philippe Egalité's siege of the Bastille as an operation against the patriotic circles of the Marquis de Lafayette, but the Jacobin Terror, and, through the Martinist freemasonic cult, the creation of the Napoleon Bonaparte whose wars within continental Europe were, in fact, a revival of the Anglo-Dutch strategy for inducing that self-ruin of continental Europe, which was expressed earlier as the Seven Years War. The creation of World Wars I and II, like London's bringing to power of fascist tyrants Benito Mussolini and Adolf Hitler, were similarly, orchestrated by the British monarchy, as, in each case, a copy of that Seven Years War model which brought the British East India Company to a state of imperial power at the February 1763 Peace of Paris. It was also that same Peace of Paris which caused the continuing break between U.S. patriots and the British Empire, up through the present instant. The crime against civilization which Britain's Margaret Thatcher committed, with complicity of France's François Mitterrand and the U.S.A.'s President George H.W. Bush, in 1990, and beyond, was, similarly, an extension of the Anglo-Dutch Liberal's strategic principle of the Seven Years War. As Simon Bolivar warned, from Colombia, the anti-U.S.A. Bolivarian revolution had been entirely the product of the workings of the head of the "Secret Committee" of the British Foreign Office, Jeremy Bentham. What became the 1848 upsurges in Europe ("Young Europe"), and the organization of the future Confederate States of America ("Young America"), under Palmerston, were each continuation of the methods of Bentham by Palmerston, Mazzini, et al.

President Abraham Lincoln's defeat of the British Foreign Office efforts, under, successively, Bentham and Palmerston, to break up the United States, resulted not only in the immediate British-directed assassination of President Lincoln at that time, but the launching of an entirely new kind of British effort to bring about the destruction of the U.S.A. What the British empire saw as the new danger which the U.S.A. represented to the Anglo-Dutch imperial forces, was a threat typified by such "geopolitical" developments as the U.S. transcontinental railway system, that as an expression of the emergence of the U.S.A. as had been intended under then Secretary of State John Quincy Adams, intended to be a transcontinental republic defined between Canadian and Mexican borders and the Atlantic and Pacific Oceans. The Meiji Restoration in Japan was a direct expression of this, as were the reforms of the late 1870s, led by Chancellor Bismarck in Germany, similar developments associated with the work of Mendeleyev in Russia, and post-Napoleon III France.

In that setting, with the discrediting and death of Palmerston, Karl Marx seemed, for a time, almost to vanish from the scene.

However, in such matters, be forewarned, that it can be said, that if, tomorrow morning, some half-witted ideologue invents a new religion, or, the same thing, causes the revival of an old one from decades or more of obscurity, as Paolo Sarpi quickened a dead, medieval, William of Ockham, the predictable academic response would probably be a new version of British-style political-economy, and, then, should a large number of persons then profess themselves its true believers, an enormous effort would doubtlessly be expended in producing a new school of published commentary on the subject of that belief and its social implications for both psychiatry, academic social theory, sexual behavior, and political campaigns generally. Indeed, most of the specialties for which higher academic degrees have been awarded in recent decades, have been of approximately that quality of origin, and dubious competence.

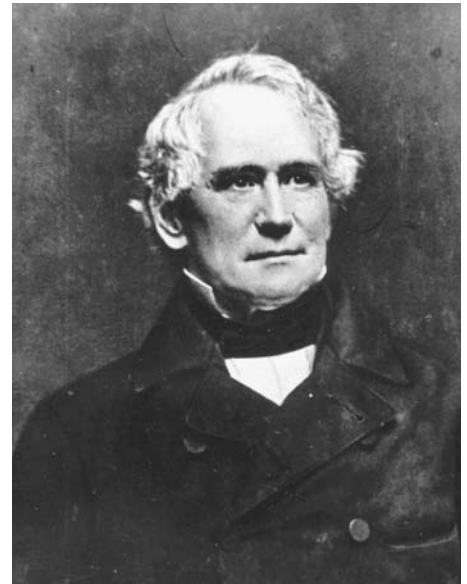
Just so, as I have noted above, after the death of Palmerston and the affair of the Paris Commune, Karl Marx had been essentially dumped by Lord Palmerston's successors, as also by Marx's own sometime sponsor, and later Fabian Society notable, Frederick



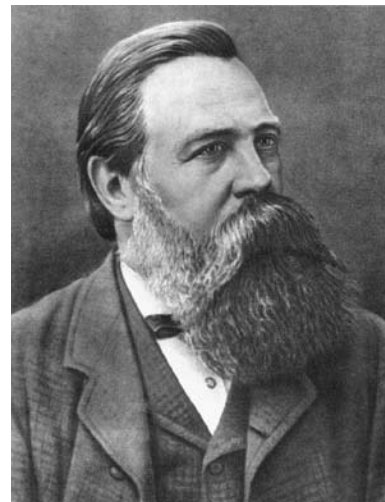
Engels.<sup>4</sup> However, some years later, years after the death of a Karl Marx who had faded into virtual irrelevance over much of the 1880s, Britain's Frederick Engels acted to revive the name and influence of Karl Marx, this time under the sponsorship of what became the rabidly pro-imperialist, and pro-fascist British Fabian Society, of which Engels had emerged as a leading figure during the early 1890s.<sup>5</sup>

***The Revival of a Dead Karl Marx***

What had happened to bring about this change in British revival of the theme of Karl Marx, was chiefly the ouster of Germany's Chancellor Bismarck, on the urging of a Prince of Wales ("Uncle") Edward Albert, a Prince who saw Bismarck, correctly, as the major impediment to the Prince of Wales' determination to organize a new "Seven Years War," as between Germany and Russia, on the Eurasian continent. Have no toleration for the usual classroom and related press babble on the subject of the leading national and international conflicts of the 1890-2008 interval to date, neither on the subject of the wars and leading assassinations of the 1890-1945 interval, nor the build-up toward a new imitation of the new



Library of Congress



*Although Marx had shown some interest in work of the world's leading economists of that time, Friedrich List (above, left) and Henry C. Carey (above, right), Britain's Frederick Engels (left) intervened to wave Marx off from such studies.*

4. The British Fabian Society brought in the ageing Engels to lure Alexander Helphand ("Parvus") into life-long service to both the British weapons trade and British counterintelligence operations like that run, with aid of the Polish Communist Karl Radek, in shuttling V.I. Lenin, by train, into the immediate proximity of the revolutionary situation in Russia, where Lenin's revolutionary intentions for Russia happened to rescue the British from Germany's options in L.D. Trotsky's ("neither peace nor war") Brest-Litovsk negotiations. "Parvus" was also the author of the British intelligence services' strategic doctrine, practiced still today, named "permanent war, permanent revolution," which he passed on to his one-time protégé L.D. Trotsky.

5. In his last years, Engels appeared as a leading figure in the recruiting of Odessa's British gun-runner Alexander Helphand (a.k.a. "Parvus") to a lasting position in the British intelligence services, in the "Young Turk" operation, and, especially in the strategic decisive effects, for the outcome of World War I, in the shaping, by British intelligence and its German social-democratic assets within Germany's political institutions, of V.I. Lenin's role in the famous Brest-Litovsk negotiations between the Germany military high command and Soviet official L.D. Trotsky.

"Seven Years War" paradigm of 1945-2008.

The truth of the matter of Europe-centered world history since the 1763 Peace of Paris, is most readily located in the symptomatic fact, that Karl Marx was in fact, an asset of Jeremy Bentham's Foreign Office protégé, the Lord Palmerston who, in fact, owned the very much confused Karl Marx as an asset of both the Young America and Young Europe associations.<sup>6</sup> Lord Palmerston's wholly owned agent Giuseppe Mazzini, the

6. This was despite the warning which Heinrich Heine delivered, against the Young Europe operation, to Karl Marx. Heine was, among other qualifications, a leading intelligence figure of his lifetime, as his *The Romantic School* attests, and, through family connections to the Paris-based Rothschilds, a privileged insider to the discussions within those family circles.

head of the Palmerston-directed Young Europe, was the Palmerston agent who, with the British Museum's David Urquhart, typified those persons who directly controlled Karl Marx during the entire period of Marx's stay in London up to, and past the point of Palmerston's death.

For example, although, on certain notable occasions, both prior to Marx's sojourn in London, and later, he had shown some interest in work of the world's leading economists of that time, Friedrich List and Henry C. Carey, Britain's Frederick Engels intervened quickly, on both occasions, to wave Marx off from such studies. I have never found any serious attention to the work of competent economists by Marx; all his "heroes" in this field were representatives of products of the Venetian school descended from modern Liberalism's founder Paolo Sarpi, such as the followers of Giovanni Botero,<sup>7</sup> the Cartesian Abbe Antonio Conti, William Petty, and Giammaria Ortes, in addition to representatives of the Haileybury School headed by Adam Smith, and Jeremy Bentham.

The significance of the revived promotion of Marx's name is located in the process, directed from London, by Prince of Wales Edward Albert, for clearing the way for "A New Seven Years War" on the European continent, through a series of measures. These measures included, notably, the ouster of Germany's Chancellor Bismarck, the assassination of France's President Sadi Carnot, the Dreyfus case, the British launching of Japan into a 1895-1945 series of wars against China, the related. 1905 Russo-Japan war, and, most crucial of all, the London-steered assassination of U.S. President William McKinley.

That McKinley assassination had the crucial function of shifting control of the foreign policy of the U.S. Presidency from the U.S. traditional orientation of friendship toward both Bismarck's Germany and Russia, by putting the U.S. Presidency in the hands of a dutiful nephew of a treasonous British intelligence asset and Confederate spy, Theodore Roosevelt, and, a bit later, a fervent champion of the treasonous Ku Klux Klan, London's asset Woodrow Wilson. It was only with the election of President Franklin Roosevelt, that the U.S. Presidency fell again into the steady hands of a

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7. *Della ragion di stato* (1588), a significant predecessor of Venetians such as the founder of modern malthusianism, the Giammaria Ortes whose English translation of his own *Riflessioni sulla popolazione* was heavily plagiarized by the Haileybury School's Thomas Malthus for the latter's *On Population*.

true U.S. patriot, just as the death of Franklin Roosevelt had put the Presidency back into the hands of what I quickly came to regard as a virtual traitor, a Wall Street tool and pro-British imperialist, Churchill accomplice, Harry S Truman.

Such are the practices of ebb and resurgence of religions and kindred social theories under the reigns of empires

The exact-same set of geopolitical issues and games are the substance of the conflict expressed by the worldwide crisis of the present instance. However, as I show below, the old game is now ending. Economics as a subject by that name which has been taught in earlier centuries, has now come to its end of the line. Economics as being, now, essentially an expression of a properly defined physical science, must now replace what had been the earlier habits of government and other economic practice until now. The new form will retain the essential features of what the U.S. Federal Constitution had prescribed, minus the corruption typified by the Anglo-Dutch Liberal practices of usury.

The time has come to bury Julian the Apostate, permanently. It is time to empty that rubbish bin of their minds which the credulous of our times have come to mis-name "history."

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## II. The Physical Science Of Economy

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It were appropriate that I devote the present and immediately following pages of this present chapter to discussion of a series of topics, topics which are, in and of themselves, in the nature of necessary stage-settings for the drama within which a Classical form of a great, current, real-life tragedy is to be presented. Be patient with me as these necessary preliminaries are set into their places as essential stage-settings. We shall come to the hard kernel of this and the following chapters' drama in due course.

Therefore, on background:

The principal root-source of the great damage done to European economies, including both Soviet and post-Soviet Russia, is the damage caused chiefly by today's British philosophical (e.g., Anglo-Dutch-Saudi-Liberal) imperialist influences. This type of damage has been what we must point to as a widespread cause of deeply underlying issues, which is expressed by the systemic differences between what are to be recog-



*There have been chiefly two, conflicting developments in modern European civilization: On the one side, the Renaissance, with its founding of a modern physical science and Classical art rooted in the restored remnants of the school of the ancient Pythagoreans and Plato. On the opposing side, the descent of Europe into new forms of recurring barbarism. Above: a detail of Raphael's "The School of Athens," showing Pythagoras teaching (1510).*

nized, on the one side, as degraded trends in European social and economic systems, and, on the opposing side, a tradition which had established its initial foothold within what later became the United States of America, in the Pilgrim and Massachusetts Bay settlements typified by the Winthrops and Mathers in New England.

To situate those differences historically, we must set the stage for showing the relatively beneficial influences on all modern European civilization of that great mid-Fifteenth-Century European Renaissance which was centered on the great ecumenical Council of Florence. These benefits are typified by the initiatives of Filippo Brunelleschi and Nicholas of Cusa in re-launching all of the principal foundations of a competent form of modern physical science. However, we must also

take into account, the contrary, malicious effects of the Venetian financier oligarchy's role in orchestrating the Fall of Constantinople, and the manifold degeneration introduced by the religious warfare which dominated all of Europe from the time of the 1492 expulsion of the Jews from Spain, until the 1648 Peace of Westphalia.

There have been chiefly two, conflicting developments in modern European civilization as a whole. On the one side, the Renaissance with its founding of a modern physical science and Classical art rooted in the restored remnants of the school of the ancient Pythagoreans and Plato. On the opposing side, the descent of Europe into new forms of recurring barbarism. On that latter side, there was religious warfare, and the pernicious influence expressed by the outpouring of Anglo-Dutch Liberal imperialism out of the bowels of Paolo Sarpi. It has been the rise of the latter, Anglo-Dutch Liberalism mode in Sophistry traced to Sarpi and his descendants the "Eighteenth-Century materialists," which came to be typified, also, by the case of the influence of Karl Marx, in Marx's role as a disciple of British East India Company's imperial, empiricist dogma.<sup>8</sup>

This conflict, so outlined, established the importance of the Americas, especially what became the United States, as the place whence the best products of Europe could find a refuge from that specific kind of corruption by Liberalism, the Liberalism which has been centered, since that time, in that same Anglo-Dutch Liberal system which has plunged Europe into continental wars and related evils, as since that so-called "Seven Years War" through which the British East India Company first established its imperial power, at the Peace of Paris of February 1763.

To understand this competently, we must focus, as in this present report, on a little-understood concept of physical science, *dynamics*, as expressed by the ancient Greek term *dynamis*, or the modern *dynamics* of Leibniz, Bernhard Riemann, Max Planck, Albert Einstein, and Academician V.I. Vernadsky.

That much said on background, we now have the following key elements of the case which will be developed in the course of this present chapter.

8. It must be emphasized that the reputation of Seventeenth and Eighteenth centuries' empiricists, or Karl Marx, as "materialists," is a complete sham; as Leibniz's treatment of Rene Descartes shows clearly, the empiricists, including Marx himself, treated mere mathematics as a substitute for physical realities.

## *The Ancient Root of Evil*

To comprehend the present plunging, since July 2007, of the entire planet, into what is becoming a prolonged new dark age, we must first see these modern horrors as a reflection of a still more ancient evil, a form of evil against which we should have been warned by study of the Homeric *Iliad* and the self-destruction of Greece's civilization by the act of Sophistry expressed as the Peloponnesian War. We must locate the nature of that ancient evil as it has been portrayed, still today, by any insightful reading of the extant fragment *Prometheus Bound* of Aeschylus' *Prometheus* trilogy. It was a specific quality of evil, the echo of the ancient root of today's "Neo-Malthusianism" expressed in Aeschylus' account of the Olympian Zeus' banning of physical-scientific discovery from society's practice, which has been the ancient root of the great economic-breakdown crisis now hitting the planet as a whole, including Russia, today. Unless that presently rampant, systemic form of oligarchical "Neo-Malthusianism" now associated with the role of "the 68ers," is uprooted, the world has reached a point in decadence, now, at which a rapid collapse of the human population from about six-and-half-billions now, to less than two billions within about two generations, or less, were virtually inevitable.

What we must consider, in addition to the fact of the obvious neo-malthusian evil of the World Wildlife Fund of both Britain's Prince Philip and the late, notably Waffen-SS veteran, Prince Bernhard, is that this form of savagely anti-science, Anglo-Dutch Liberal imperialism, called by such names as "environmentalism" and the lunatic "stop global warming" hoax of today, is the principal source of the evils which humanity is suffering, including systemic British imperial genocide against Africa, today.

In the case of Russia itself, the legacy of Russia's (and the Ukraine's) Academy of Sciences, is one of the great banners of humanity around which honest peoples of nations must unite to beat back the flood of mass-murderous "malthusianism" which is the essence of the genocidal collapse of global civilization already set fully into motion today.

The simplest competent expression of the precise distinction between the British system of political-economy, including that of Lord Palmerston's one-time dupe, Karl Marx, on the British side, and that of American System of Alexander Hamilton, on the opposing side, is the opposition of the *rigorous physical science*

of Gottfried Leibniz to what was the specifically, *merely mathematical* sophistry of Rene Descartes. The distinction of the two, is precisely that made by Leibniz himself during the 1690s and beyond. The general principles of Leibniz's *physical dynamics* were made systematic in Bernhard Riemann's 1854 habilitation dissertation, and by Albert Einstein's statements on the matters of the systemically congruent discoveries of Johannes Kepler and Riemann.

## *A Relevant Illustration*

For a simple illustration of the presently continuing, global conflict between those two opposing systems in modern European civilization, I point to a relevant piece from a book written, thirty years ago, by my collaborator, the late Allen Salisbury. Salisbury's 1978 *The Civil War and the American System* included the following relevant paragraph, a paragraph which serves now to point to the difference between the British imperial system adopted by Karl Marx, for his economic teachings, and the opposing, anti-British-imperialist policy on which the Declaration of Independence and Federal Constitution of what is still, in principle, that British Empire's greatest enemy, the republic of the United States of America, was founded:<sup>9</sup>

The Founding Fathers were guided by a labor theory of value, a theory commonly attributed to Karl Marx, but developed years earlier by Alexander Hamilton, particularly in his 1791 *Report on the Subject of Manufactures to the Congress*. Advances in society are not the outcome of some biological or genetic variation (in the same way that some people glorify the continued adaptability of the ordinary house-roach to changing environmental circumstances). All great advances of humanity have been due to the intervention of humanists who have understood,

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9. Allen Salisbury, *The Civil War and the American System: America's Battle with Britain*, 1860-1876 (New York: Campaigner Publications, 1978) pp. 4-6. Cf. U.S. Treasury Secretary Alexander Hamilton, "Report on Public Credit" (1790); *Report on A National Bank* (1790); and, *Report on the Subject of Manufactures* (1791). Compare G.W. Leibniz: *Dynamica: On Power and the Laws of Corporeal Nature* (1691) [rough-draft translation by the LaRouche Youth Movement], included in the listing here because of the work's historical significance for the science of the matter at hand]; and both *Critical Thoughts on the General Part of the Principles* of Descartes (1692) and *Specimen Dynamicum* (1695), *Gottfried Wilhelm Leibniz Philosophical Papers and Letters* (Dordrecht: Kluwer Academic Publishers, 2nd ed. 1998).



Library of Congress

*Benjamin Franklin (left) and the Founders adopted Leibniz's dynamic view of human creativity, as expressed in the Declaration's "pursuit of happiness"; while Alexander Hamilton developed a concept of the "labor theory of value," decades earlier than that attributed to Marx.*



Portrait by Daniel Huntington (1865)

along with Plato and his neoplatonic successors, that man has the creative qualities to deliberately master the laws of nature and effect his own evolution.

In brief, the American System of political-economy, which was developed on the basis of the discovery of a science of modern physical economy by the same Gottfried Leibniz who founded the modern calculus during the middle of the 1670s, over the interval, remains, in principle, the only principled basis for an escape from the presently onrushing, global physical-economic breakdown-crisis presently under way. The distinction of the American System of political-economy, which was adopted by the patriots of the U.S.A. as the needed antidote to the British imperial system of the circles of the British East India Company's Lord Shelburne, remains today, the only competent source of remedy for what would be, otherwise, a general, generations-long, vastly genocidal breakdown-crisis of the planet as a whole.

The deepest root of the systemic distinction of the entire world's two, presently mutually opposing, English-speaking systems of political-economy, lies in the significance of the term dynamics, as re-introduced to modern science, during the 1690s, by Gottfried Leibniz.

This Leibnizian, dynamic view of human creativity was, thus, embedded as a reflection in the U.S. 1776 Declaration of Independence's "the pursuit of happiness," a term adopted, by Benjamin Franklin et al., from Gottfried Leibniz's second rebuttal of a depraved John Locke's *Essays on Human Understanding*, a concept expressed as the entirety of the Preamble of the U.S. Federal Constitution. Thus, the words of the American song of freedom associated with Benjamin Franklin are in the books, but few today still remember that music of human creativity, by which that song must be sung.

The root of the great, continuing conflict between the American System and the British Empire—the Anglo-Dutch-Saudi-Liberal empire of today, lies in the fact that all ontologically actual creativity is intentionally excluded from that explicitly Ockhamite, empiricist philosophy of Paolo Sarpi to which Karl Marx adhered. The exclusion of creativity by those Eighteenth and Nineteenth centuries' empiricists to which Marx avowedly adhered, were such followers of Rene Descartes as Abbe Antonio Conti, Abraham de Moivre, Jean le Rond D'Alembert, Leonhard Euler, Joseph Lagrange, Pierre-Simon Laplace, and Augustin Cauchy, who made that vow the axiomatic basis of their rejection of the existence of the ontological infinitesimal of Leibniz,<sup>10</sup> on which all valid modern physical science has depended.

Since that specific quality of creativity, which the empiricists (i.e., "Liberals") professed to ban from human practice, is natural to all normal human beings, but not lower forms of life, sometimes a bit of what is definable, ontologically, as creativity sneaks in upon

10. Contrary to the hoaxster Leonhard Euler, for example, the Leibniz infinitesimal is not a Cartesian mathematical quantity of space, but, like the uniquely original discovery of a law of universal gravitation by Kepler (in Kepler's *The Harmonies of the World*), the location of an ontologically existent, efficient principle of action.

even an empiricist, but not if he, or she either realizes what he is doing, or suspects he, or she might be caught in the act of doing it. All competent science, and all systemic progress in the productive powers of labor, is expressed by that specific creativity which those empiricist followers of Sarpi intentionally ejected from the systemic features of their practice.

The obvious scientific error underlying the failure of the economic policies of the Soviet Union, and the tendency expressed by the kindred error of some leading circles in Russia today, lies essentially, in a prevailing ignorance of a most essential principle of physical science, ignorance of the meaning of the term “dynamics” as the term identifies the characteristic distinction of the science of the ancient Pythagoreans, Plato, the great Eratosthenes, and all valid directions in modern physical science since the work of such as Filippo Brunelleschi, Nicholas of Cusa, Leonardo da Vinci, their follower Johannes Kepler, Pierre de Fermat, Leibniz, Jean Bernouilli, Abraham Kästner, Carl F. Gauss, Bernhard Riemann, Max Planck, Albert Einstein, and V.I. Vernadsky’s discovery of the Biosphere and Noösphere.

This same systemic abhorrence of actual creativity which is formally, explicitly axiomatic for the followers of Euclid, Paolo Sarpi, Descartes, Laplace, and Rudolf Clausius, is characteristic of what are termed “reductionist” mathematical systems employed as a pretended substitute for actually physical systems. The same corruption of Euclid, Descartes, et al., permeates every nook and cranny of British Liberalism generally, and the elaborated dogma of both Adam Smith’s and Karl Marx’s writings on philosophy and economy, explicitly.

Stated in the simplest valid terms, the essential argument on this subject-matter and its implications, as employed here, follows that of Gottfried Leibniz’s exposure of the intrinsically systemic incompetence of the work of Rene Descartes bearing upon the extension of neo-Euclidean mathematics to physical science.

However, notably, although the introduction of what became the Riemannian conception of *dynamics* is explicitly dated from Leibniz’s work of the 1690s, and his and Jean Bernouilli’s development of the notion of a principle of universal physical least action, the revival of the ancient concept of *dynamis* as the modern concept of *dynamics*, had been actually realized in Johannes Kepler’s uniquely original formulation of the principle

of universal, solar gravitation in his *The Harmonies of the World*. So, similarly, implicitly, the notion of dynamics had been already revived by Kepler’s predecessor Nicholas of Cusa, in Cusa’s *De Docta Ignorantia*. Albert Einstein’s affirmation of the uniquely original discovery of universal gravitation, by Kepler, this time from the vantage-point of Twentieth-Century physics’ reflections on the work of Bernhard Riemann, is the best choice of reference for identifying the subject of dynamics today.

### ***Rescue Science from the 68ers!***

Unfortunately, most of the fact of this decadence is not commonly recognized in the increasingly decadent intellectual life of most universities today. One of the most significant contributing factors in spreading the current tide of scientific sterility, has been that collapse of academic support for physical scientific practice which is rightly associated with today’s continuing influence of the so-called “68ers.” Unless the trend into decadence were reversed, science were fairly described as dying out today.

Throughout Europe and the Americas, we have lost much of the density of scientific and related competence which the literate adult populations of many nations had still possessed in 1968. The essential basic economic infrastructure of society has largely collapsed; strange, obscenely neo-malthusian, anti-science cults have not only replaced the former influence of science, but have stolen its name.

Typically, today, whereas, increase of productivity per capita and per square kilometer, depends, in point of fact, upon relative increase of energy-flux density, the “soft energy” fanatics are to be recognized as being essentially a new degeneration of parts of current culture into the depravity of the Luddite-like “machine breakers” of early Nineteenth Century England. Whereas, the improvement of land-area, per square kilometer, requires increase of the conversion of sunlight to chlorophyll, we are being impelled to degrade the use of the solar radiation impinging upon the surface layers of our planet, to degrade all forms of use of power from reliance on increase of energy-flux density, toward lower energy-flux density, a trend which means a globally deadly degradation of the Biosphere, and increased rates of human depopulation and degradation of standards of human life.

The cheapest way to reduce the human population, is not to use expensive methods for killing them, but to

brainwash them, perhaps to induce them to kill themselves, or one another, as so many of the 68ers and younger dupes have been brainwashed by a neo-Malthusian cult: induce the greater part of the population to destroy itself, simply by driving people insane, as wretches such as Britain's Prince Philip and his lackey, the U.S.A.'s former Vice-President Al Gore are doing, by promoting the malthusianism of Giammaria Ortes, and the dupes of Ortes' and his plagiarist, the Haileybury School's Thomas Malthus, or of the World Wildlife Fund of Britain's Duke of Edinburgh, will do it to themselves.

***India and China, for Example***

China, like Russia, is now being struck hard by the inevitable consequences of the wrecking of the U.S. economy, on which the economies of China and Russia now both depend, by the influence of the global, post-1968, anti-nuclear-power hoax called the neo-malthusian movement. India is also being struck, but, since it is relatively less immediately dependent on its ration of exports, the downward effects come on more slowly, so far. At the same time, the collapse of the European and U.S. economies, caused chiefly by exporting production to cheap-labor mass-markets, signifies, that under present world-wide policy-trends associated with "globalization," western and central Europe, and North America, will no longer be able to provide the global climate of physical-economic growth required to maintain the existence of the present economies of Asia, and of Russia.

Who will buy raw materials from Russia, when what had been the principal customers no longer exist to earn the income needed to buy those raw materials?

The deeper point, which should be recognized as being illustrated by such examples, is that there never was a positive correlation between price and value. This lesson from current experience, warns us that the presently nearing death of all competent practice of economics has been brought to its presently advanced stage, by the way in which the subject was usually



*Like the victim of a clever hunter's trap, China, and other developing nations are caught in a produce-for-export-market trap, which, in this case is the Anglo-American program of "globalization" of the division of labor in production. Shown: a Chinese factory.*

taught (and believed!) under the spreading influence of the Anglo-Dutch Liberal empire, since, notably, February 1763, to the present day.

*True wealth can be measured functionally, only in the terms which are coherent with the example of teaching of a science of physical economy from the standpoint of anti-Cartesian dynamics, as: in terms of the increase of the potential relative population-density, per capita, and per square kilometer, not monetary terms as such.* The greatest single source of actual increase of the productive powers of labor, is properly defined according to that standard. On the other hand, money is not a measure of economic value, but is, simply, when competently used, a medium of exchange and investment in physically efficient improvements, as improvements can be measured economically, in effect, as increase of potential relative population-density per capita and per square kilometer. It is the physical consumption of physical-scientific progress, and related physical investments, which are the only means by which the increase of the potential relative population-density can be defended against the otherwise inevitable effects of regional, continental, or even planet-wide collapse in the stan-

dard of living and population of, ultimately, the planet as a whole.

On this account, money (price) itself must cease to be regarded as being, in itself, an efficient standard of economic value; it must be regarded as fit to be despised, but despised only in terms which are congruent, in the regulation of an aggregate effect of monetary circulation, as being obliged to conform to the notion of an increase of physical value, per capita and per square kilometer, for the economy as a whole.

Like the victim of a clever hunter's trap, China, and other so-called developing nations have been caught in a comparable produce-for-export-market trap, a trap created by the hunter, which, in this case is the Anglo-American program of "globalization" of the division of labor in production. The transfer of production from Europe and North America, to the labor of such nations as those of Asia, Africa, and South America, has not increased the productivity of the planet as a whole, but has produced precisely the opposite effect. This is the effect produced by a downgrading of production from a relatively higher, to a lower standard of net productivity of the economy as a whole.

Look closely at the "market" which buys the goods whose manufacture has been largely transferred from Europe, North America, Japan, and Korea, to Asia and South America generally. The export market for modern manufactured goods exported from China to Europe and North America was export into a collapsing market, to nations whose production of wealth was collapsing, and collapsing more rapidly than their artificially inflated monetary requirements for consumption. The gap thus generated, was filled up with the economic rubbish of a runaway rate of increase of monetary aggregates, as through financial derivatives, not production of wealth. That margin of increase of nominal monetary assets has been increased at accelerating rates, rates of increase which have generated the post-July 2007 phases of the currently ongoing, general breakdown-crisis of the planetary system as a whole.

So, the global bubble has popped today.

### ***Mathematics Versus Physics***

*All competent conceptions in economics are physical, not mathematical.*

As I have already emphasized, at an earlier point in this present chapter, the systemic incompetence of Descartes in science, is rooted in his efforts, as an im-

PLICIT follower of Paolo Sarpi, to derive physical values from a radically reductionist mathematics (geometry) which was itself derived from the Aristotelean model associated with Euclid's *a priori* presumptions. Those were assumptions which did not exist in the work on which earlier, successful Greek geometry had been premised, which is to say, the *Sphaerics* of the Pythagoreans and Plato. Euclid's *a priori* presumptions were an offshoot of Sophism which chanced to exert a persistent influence from a period after the deaths of the great Eratosthenes and of Archimedes, until the rebirth of active forms of science within Europe's Fifteenth-Century Renaissance. Thus, it is a matter of crucial importance for the rescue of the world's economy now, that it be not only recognized that most Eighteenth-Century teaching of science was dominated politically, increasingly, by the pro-Cartesian Sarpian cultural heritage associated with that century's rise of the British Empire.

The intrinsic incompetence of all British economics dogma, is associated with Paolo Sarpi's revival of that same medieval irrationalism of William of Ockham which came to be typified, later, in Adam Smith's 1759 *Theory of the Moral Sentiments*. This is typified more plainly by the more outrageously moral degenerate, Lord Shelburne's favorite lackey and head of Shelburne's "Secret Committee," the utterly depraved Jeremy Bentham. The same Bentham operated that Committee as the British imperial intelligence service out of that British Foreign Office created by Shelburne's influence in 1782.

Both that Smith and Bentham are expressed outgrowths of the doctrine of the same Descartes otherwise known for such among his ideological followers as Abbe Antonio Conti, and the rabidly anti-Leibniz hoaxsters de Moivre, D'Alembert, Euler, and Lagrange, Immanuel Kant, Laplace, and Augustin Cauchy. In essentials, those rogues were all Cartesians, whose best efforts were devoted to suppressing physical science in favor of a neo-Cartesian mode of axiomatic substitution of Euclidean-based mathematics for physical science.

This depravity of the Cartesian argument echoes the work of *Euclid's Elements*. The useful content which appears in shadow-form in *Euclid's Elements* is material copied from the earlier sources typified by the *Sphaerics* of such as the Pythagoreans and Plato. The crucial and evil amendment to the earlier geometry by the Sophist authors of Euclid's *Elements* lay essentially



in the role of the so-called *a-priori* presumptions.<sup>11</sup>

The crucial connection to be considered here as bearing on the subject of a science of physical economy, is best referenced, as I have done on earlier occasions, by close consideration of the pairing of the opening two paragraphs and the single concluding sentence of Bernhard Riemann's 1854 habilitation dissertation. To lay the basis for a competent practice of economics for today, it is required to examine the implications of those crucial, indicated features of Riemann's habilitation dissertation, in light of both the comprehension of both Riemann and Kepler by Albert Einstein, and the view of the universe required by the discoveries of the Biosphere and Noösphere by Academician V.I. Vernadsky.<sup>12</sup> Taken all together, these matters fall within the province of the concept of dynamics which is generally absent from all presently customary teaching of economics.

Without that leap which I have prescribed here, there is no presently visible escape of this planet as a whole from a long plunge into a very dark age. If civilization is to exist as civilization during the next two or more generations, profound changes away from habituated beliefs about national and world economy must be immediately introduced. That said, the stage is set for me to proceed with the essential matters of this next chapter.

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### III. A Dynamic Economic Model

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Now, we come to the heart of that matter which I have assigned to this present chapter of the report.

In the immediate aftermath of the success, so to speak, of my 1956 forecast of the actual February 1957 outbreak of what I had described as "the approximately February-March arrival of the deepest recession of the

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11. It is useful here to note, as I have indicated in earlier published locations, that from the end of the first day I had entered a secondary class in plane geometry, I rejected such teachings as intrinsically fraudulent. This was clear to me, already at that time, from my study of supporting structures of the type we would associate with the Paris Eiffel Tower. Real geometry is physical geometry, which pertains, typically, to the ratio of mass to physical effect of power to support. Plane geometry does not exist in competent science; for competent science, only physical geometry exists.

12. Although Vernadsky himself adopted the term "noösphere" from the coining of that term by Teilhard de Chardin, the conception, as used by Vernadsky, has no epistemological coherence with Piltown co-hoaxster Teilhard's meanderings.

post-war United States," I used the experience of that successful forecast to apply the same approach which was rooted in my earlier adoption of Riemann's 1854 habilitation dissertation, which had guided me in that short-term forecast, in meeting the greater challenge of longer-term forecasting, meaning forecasts spanning a lapse of time of a decade or longer. It was that longer-term forecast, using a method of approach for which I then adopted the trade-style "dynamic economic model," (*Dynecmo*) at the beginning of the 1960s.

Since early 1953, what had been my design for such intellectual enterprises, had been the outcome of my adoption of a concept expressed as the standpoint defined by two points in Bernhard Riemann's 1854 habilitation dissertation: the beginning, the first two paragraphs throwing Euclidean and similar systems to the pigs of folly, and the dissertation's closing single sentence, a sentence which I now paraphrase, as: *Having said that much up to this point, we must now abandon the domain of mathematics, for physics.*<sup>13</sup>

That signifies, that we must recognize that the effort to confine the notion of "physical" reality to sense-perceptions as such, prompts some credulous persons to believe the nonsense, that the image of the world as our senses present it, is "self-evident." Such a folly might tempt us to accept the absurdity of the notion that sense-experience is self-evidently the *only* real world. Hence, the intrinsic absurdity of the *a-priori* assumptions, known as "sense certainty," built into the credulous Cartesian or comparable reader's faith in *Euclid's Elements*. Students should recognize that the greatest physical-scientific achievement of Johannes Kepler, his uniquely original discovery of the general Solar-Systemic principle of universal gravitation, occurred as his recognition that the principle governing the organization of the Solar System's orbits was neither sight nor hearing, but that efficient principle which was independent of either of these two habits of sense-perception, the ability of the creative powers of the human mind itself to see behind

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13. That adoption of the argument of Bernhard Riemann's 1854 habilitation dissertation for this purpose, was a by-product of my reaction to a January 1948 reading of a reviewers' (Paris) pre-print edition of Professor Norbert Wiener's *Cybernetics*. The part of that book which I reacted very strongly against was Wiener's argument for the notion of "information theory." I reacted to it both as an offshoot of the Cartesian ideology against which I had combated since my first, adolescent encounter with Euclidean geometry, but also with my relevant experience with the function of physical principles in qualitative progress in manufacturing.

the mere shadows apparent to sense-perception.

So, for example, we have the coincidental expression of genius uniting Kepler's mentor, the Nicholas of Cusa of *De Docta Ignorantia*, to Cusa's followers Leonardo da Vinci, and Kepler, and, then, after them, Riemann, Einstein, and Vernadsky. It is the creative powers unique to the human mind, among all living creatures, which are the source of valid human knowledge, such as valid scientific knowledge, rather than the simple-minded folly of believing either in sense-certainty, or, similarly, projecting the quality of sense-certainty upon mere instruments used to measure astrophysical or microphysical phenomena.

So, the method which must be employed for the investigation which Riemannian dynamics suggested to me, required little more, as preliminary tactics, than knowledge properly at the disposal of any competent industrial engineering study, as such evidence might be applied to a national physical economy. The initial development of this approach required little more than the application of the most elementary aspect of Gottfried Leibniz's discovery of the role of the ontologically infinitesimal: the application of the notion of the ontologically infinitesimal, as an expression of a discoverable universal principle, to the treatment of the role of technological progress, and, similarly, to the contrary role of depreciation and depletion: an approach employed to provide a systemically non-linear mapping of the processes of positive evolution, or physical devolution of economies considered in the large.<sup>14</sup>

These considerations which I have just emphasized here, point us in the direction of the efficient, proper meaning of the term "universal physical principle." This viewpoint supplies us the only competent approach to understanding those principles of physical economy upon which the continued existence of a civilized form of human life on this planet now depends absolutely. In brief, *it is the discovery and deployment of those so-defined discovered principles, which pro-*

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14. The principal issue of contention between me and the "ivory tower" school of Tjallinging Koopmans, Kenneth Arrow, et al., during the course of the 1950s was their systemically nonsensical emphasis on the notion of a-prioristic "linear programming," an issue on which I shared a qualified degree of agreement with Harvard's Wassily Leontief. Anything which might be considered consistent with Bertrand Russell and his followers of the school of Cambridge Systems Analysis, must be treated as inherently fraudulent, and, in effect, ultimately catastrophic for the nation which chooses to believe in such gobledogook in its formulation of national policies, as in the Soviet Union at certain crucial times, then, and later.

*vides us with efficient knowledge of those available changes in the characteristics of human economic and comparable cultural behavior, knowledgeable practice on which a present avoidance of the crashing of the human species into a prolonged dark and vastly depopulated dark age of human virtual bestiality, now depends.*

The challenge this presents to us, is: "How can we distinguish between what are merely changes in choices of behavior, and those special kinds of changes, which we should term universal physical principles, upon which the human population depends, if it is to avoid an entropic collapse of the preconditions for human life, that at present levels of existence, upon this planet generally?"

This challenge not only takes us outside the limits of sense-perception, into the domain of those universal physical principles which are not seen by the senses, but which have the power to change, and to control the increase of what Academician V.I. Vernadsky defined as the Noosphere, relative to the Biosphere: that done in a manner suggesting a similar case for the power of life as such to increase the existence and development of the Biosphere, relative to the abiotic residues of our planet and to the Solar System as a whole.

In the case of the system of Paolo Sarpi, et al., for example, actual universal physical principles, as I have just illustrated that notion, do not exist in that method, the so-called method of empiricism. Instead, mathematical formulas governing sense-perceptual types of experience, are wrongly presumed to take the place of what has been the historically very long span of the role of competent European physical science, such as that of the Pythagoreans and Plato, or Cusa, Kepler, Fermat, Leibniz, et al. For the Sarpian and their like, only kinematic actions among objects within Euclidean-Cartesian space (or, weird pagan religious powers of witchcraft) are accepted. Only mathematical descriptions, rather than proof of what are actually universal principles are accepted by empiricism. Hence the miserable record of performance of conventional, statistical modes of attempts at long-range forecasting. Prudent "hunches" by serious thinkers do much better than statistical forecasts; but, the science which I have employed has done the best of all.

The issue posed by the contrasts which I have just identified, becomes: How do we know, actually, of the existence of powers which are efficient in respect to their effects on the sensible domain, but are not, as

Kepler's discovery of universal gravitation illustrates the point, themselves directly sensible objects, even though their power over sensible objects is a demonstrable form of efficient existence?

So, the discovery of universal gravitation, uniquely, by Kepler in his *The Harmonies*, has thus become, in fact, the origin of all competent modern physical science. This discovery presented with unique originality there, led Kepler himself to pose two great, further, systemic challenges to those "mathematicians" who might come after him.

The first of these two, the challenge solved essentially, uniquely, by Leibniz, was the discovery of the ontologically infinitesimal of the calculus, a discovery which was principally a fruit of Kepler's discoveries in astrophysics. Thus, the sequence of principled discoveries of, first Kepler's discovery of the principle of Solar-System gravitation, second, Fermat's discovery of least action, and Leibniz's uniquely original discovery of the principle of the calculus, define a rigorously ordered sequence of the crucial leading discoveries of modern physical science. The successor, in each case, required the prior discovery of the predecessor.

The second of these challenges was the related notion of elliptical functions, a mission accomplished in a preliminary way among Carl F. Gauss and his relevant contemporaries, and which, surpassed only through the further work of Lejeune Dirichlet and Bernhard Riemann, led into the further conclusions reached through the work of exposing the frauds of, most notably, such two great adversaries of truthful work in science, as the foolish mechanist Ernst Mach and the even more degenerate school of Bertrand Russell.

Bertrand Russell and such Russell dupes as the devotees of the Cambridge school of systems analysis are the sources from which the very worst concoctions in so-called "mathematical economics," such as those of Norbert Wiener and John von Neumann, were introduced to post-World War II practice. It could be fairly said of the work of the latter, that they, with their silliness in our time, have probably sunk more ships during my lifetime, than could be attributed to the folly of Helen of Troy in hers.

### ***Now, Kepler In Retrospect***

This account, here, is now moving near to the great principle of economy toward which I have pointed, persistently, in this report thus far. That is, once more, the principle of *dynamics*, as defined for modern physical

science and economics in particular, first, from the retrospective view by Albert Einstein, of Kepler's uniquely original discovery of gravitation, as showing us a Riemannian universe; and, second, the implications of the same evidence as expressed in the definition of the Biosphere and Noösphere by Academician Vernadsky. This combined view of matters, as by Einstein and Vernadsky respectively, also has not merely a general, but also a very specific significance, and an enormous practical importance for every and all nation's policy-making under the specific present conditions of a modern economic science which must be practiced under the conditions of the currently onrushing, global economic-breakdown crisis.

Now, turn our attention briefly to the matter of the great lie taught with fanaticism in most science departments of universities around the world, still today: the silly lie which asserts that Isaac Newton discovered a law of gravitation. The fact is, that that teaching is a lie, as has been proven, over and over again, without ever incurring a reasonable attempt at refutation by any among our notable liberals. The first of the two questions that ought to be asked of any relevant university department head, is, "Why do you retain those fools who do that among your faculty?" The second question is: "What is the practical effect which the official lie in support of the Newton myth has on the currently prospective fate of virtually doomed nations?" The answer to both questions is summed up in a single word, "Dynamics."

What, then, does this mean, for the practice of a competent approach to an applied, physical science of political-economy?

Look at this question from, first, Einstein's standpoint, and, then, that of Vernadsky.

### ***What Kepler Taught Einstein***

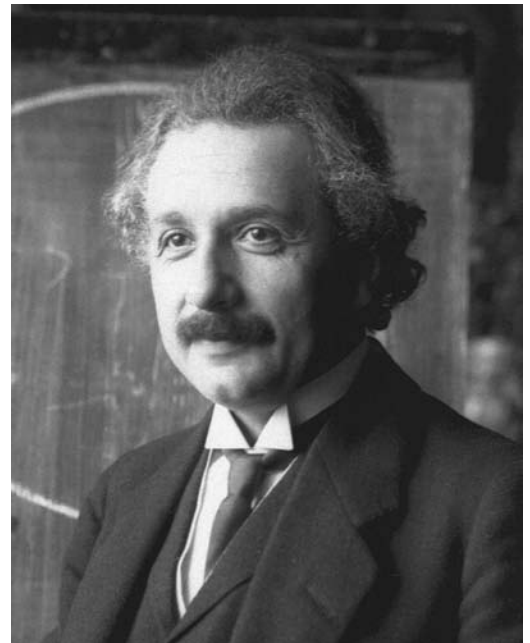
Albert Einstein, looking at Kepler's uniquely original discovery of universal gravitation through the assistance of Bernhard Riemann's work, threw aside the childish folly of anything resembling a Euclidean geometry—threw aside the childish babble of both "at infinity," and the Cartesian "infinitesimals" of de Moivre, D'Alembert, Euler, Lagrange, Laplace, Cauchy, et al. *The Leibniz infinitesimal is not the expression of a limiting smallness within space, but the universal physical effect of that which confines physical space-time even in the smallest detail.*

Once gravitation is defined in terms of an harmonics



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*Einstein (right), looking at Kepler's original discovery of universal gravitation through the assistance of Riemann's work, threw aside the childish folly of anything resembling a Euclidean geometry. For Einstein, universal physical space-time is finite but unbounded.*



Ferdinand Schmutzer

derived from the Pythagorean view of Sphaerics expressed by the work of Plato, and this evidence viewed successively by the discoverer Kepler, and, that, later, through the discoveries of Dirichlet and Riemann, Einstein recognized that any truly universal physical principle bounds the physical space-time whose existence it expresses. However, since the stellar universe at large is anti-entropic, not entropic, the process of universal development in the universe is not within fixed bounds; rather, for Einstein, that universal physical space-time is *finite but unbounded* within the meaning of those conditions.

When we, then, repeat this in a properly corrected way, to take into account the specifically unique universalities of the physical space-time of living (the Biosphere), and then, next, also cognitive processes, as Vernadsky did (the Noösphere), we have thus gained access to a general notion of the true meaning to be assigned to the term “universal physical principle.” That is to say, that any true universal physical principle defines a correspondingly finite physical space-time, in the sense that Einstein defined the universe. This implicitly defines the proper sense of meaning of the Leibniz infinitesimal, as being efficiently, ontologically containing, rather than as, elementarily, confined in nature.<sup>15</sup> This is, of course,

15. In theology, this echoes the denunciation of Aristotle by Philo of Alexandria, the friend of the Christian Apostle Peter. The Aristoteleans, as of Philo's time, had insisted, that if the Creator of the universe were perfect himself, Creation would be perfect, and, therefore, the Creator could not alter that Creation once the Creator had completed making it.

the difference between a merely mathematical outlook, such as that of a Euclid or Descartes, and a Plato, Eratosthenes, Nicholas of Cusa, Kepler, Fermat, Leibniz, or Riemann.

These just-stated considerations implicitly define the true principle of dynamics, the principle on which any competent approach to the shaping of economic policy depends. Hence, my early 1960s conception of “dynamic economic models, the conceptual design on which all among my uniquely successful economic forecasts have depended.

Why should anyone experienced in the achievements of modern science have viewed these matters differently? Why such persistent depravity, as the case of Isaac Newton's fraudulently alleged discovery of gravitation illustrates the point?

That much said here, thus far. What, then, is the fundamental change in the principle of design of physical-economic policy which must now supersede heretofore commonplace ideas about economy, if civilization is

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This interpretation of Aristotle's views was predicated upon the assumption of a theological form of a supposed universal law of entropy. It should not be considered astonishing, therefore, that this imposition of a “law of universal entropy” upon God Himself, should express the Aristotelean's devotion to the existence of a still higher, neo-Malthusian authority than God, such as the Olympian Zeus depicted by Aeschylus in *Prometheus Bound* (or perhaps Britain's Prince Philip, Prince Charles, or their common lackey, former U.S. Vice-President Al Gore). So much for the theological merit of the opinions of Clausius, Grassmann, Kelvin, and the World Wildlife Fund.

not to continue its presently accelerating plunge of the entire planet into a prolonged new dark age? What is the proper, relevant meaning of the term *dynamics*?

### ***A Practical Illustration***

In modern economy, for example, the general form of scientific-technological progress in the manifest productive powers of individual labor *does not* occur chiefly at the so-called “local point of production.” There are, chiefly, two immediate factors underlying any immediate trend of increase of the productive powers of labor as measurable in physical terms, per capita, and per square kilometer. One is embodied in the combined skill and motivation of the physically productive individual. The other is chiefly a reflection of improved basic economic infrastructure of the categories related directly to physical production and relative physical productivity of the individual operative.

For example, the individual production operative in automobile manufacturing, is at the relatively low end of productivity, whereas the greatest concentration of relative physical productivity lies “up-stream” in the machine-tool design sector, or, further upstream, in the development of science as such.

At the same time, the most significant factor of variability in relative productivity of production operatives, is located in the basic economic infrastructure of production, rather than “at the point of production” as such. For example, if we decrease the mean number of hours of commuting in the community in which production or related activity is occurring, we increase the productivity of the population of that entire area even without improvements at the point of production itself. Or, if we increase the effective “energy-density” of power sources per capita and per square kilometer, that alone facilitates increases in the productive power ex-



NASA

*The development of basic economic infrastructure in water-management, modern mass transportation, and rapid increase of nuclear-power generation and distribution, would produce beneficial effects, per capita and per square kilometer, which would appear to be spectacular when compared with post-1945 history of that continent. Shown: Aswan High Dam in Egypt, built in the 1960s, in a NASA satellite photo.*

pressed at the point of production throughout that area.

In other words, it is neither the development of infrastructure, nor the improvement of labor at the point of production, which defines the improvement; it is the way in which the development of the two interacts. This demonstrates that once we accept the advantage of being human, rather than a dope-addict, or such functional equivalents of that as a rhesus monkey, it is the development of the creative powers expressed in practice by the individual in society, which is determining; but, the greater part of this factor, lies in science, in related developments in Classical forms of culture, and in the increase of the ratio of directly physical-production-related basic economic infrastructure which is crucial.

In other words: throw away the babble about the “productive powers of labor.” It is the science-driven increase of the productive powers of labor, either as skilled direct production, or, more significantly, as increasing density of energy-flux-density and of capital intensity of means of production, which is crucial. It is

the science-related degree of skill of labor, and the ratio of production-essential capital intensity of basic economic infrastructure, which is decisive.

For example, take the case of India today. Approximately 60-63% of the labor force is marginal in skills. This factor can be improved only slowly, as measured in terms of successive generations. However, the wide application of properly charged nuclear power facilities, including the thorium cycle, would produce a rather immediate increase of the productive powers, and life expectancies of the members of India's population, despite a slow improvement in the development of the personal and family productivity of the population as such.

For example, in the case of that great, continuing, Hitler-like crime against humanity, the Anglo-Dutch-Saudi Liberal occupation of Africa and regions of the so-called Middle East section of Near-Asia, the development of basic economic infrastructure in water-management, modern mass transportation, and rapid increase of nuclear-power generation and distribution, would produce benefit effects, per capita and per square kilometer, which would appear spectacular when compared with the post-1945 history of that continent.

### ***What Should We Mean by 'Power'?***

What I have emphasized here thus far, has pertained to correlatives of what convention identifies as physical science. We dare not overlook the ruinous effects of the degeneration of popular culture of both North America and Europe during, most emphatically, the cultural degeneration unleashed with the impact of the post-1945 rise of the pattern in post-Franklin Roosevelt trans-Atlantic culture as this was influenced strongly by what was known in Europe as the Congress for Cultural Freedom, or, the trans-Atlantic phenomenon of the rock-drug counterculture.

Physical-scientific creativity is a crucial aspect of the fostering of human productivity per capita and per square kilometer, but the difference between man and beast is as significant for music and poetry, as for physical science as such. The quality of social relations, and, consequently, of progress of productivity of the labor force, is determined as much by the advantage of a truly Classical over populist cultures as it is by physical-scientific discovery.

The spread of the neo-malthusian cult of opposition to development of nuclear power as a primary source of

power for society, is a manifestation of a moral and intellectual degeneration in nations and their populations, as is the promotion of programs of so-called "legalization" of drug-addictions. The indicated modes of cultural degeneracy, and their increase during the recent forty odd years, have been as significant a factor in bringing about the general break-down crisis being experienced world-wide today, as the suppression of the physical productive powers of labor of the populations of North America and Europe.

These considerations reflect the principle of dynamics on which my attention has been focused since 1953.

President Franklin Roosevelt's intended global economic and cultural recovery during an expected post-war period, was consistent with a Riemannian approach to the perspective of an endless improvement in the human condition of both nations and of territories which should have become sovereign nations. The notion of a regulated system of prices, regulated to conform to these physical objectives of human development was valid then, before the Presidency of Harry S Truman, and is desperately needed as policies and perspectives for the world at large today.

If we do not return to that American System as the founders of the U.S.A., and the Presidents Abraham Lincoln and Franklin Roosevelt typified that outlook, a planetary new dark age is now inevitable for all humanity. The leading obstacle to such a needed recovery is what is called "the British Empire." Without the mobilization of a consort of great power to defeat that empire's influence, a dark age for this planet is now inevitable. That consort of great power need not be defined in great detail; a general commitment to the potential of a global, fixed-exchange-rate credit-system, replacing the hopelessly rotted-out, present monetary system, would be sufficient for the moment.

In the relatively short term, the cause of good health is best served by the obvious means of fighting deadly disease.

However, that said, the most immediate mission is to reverse the so-called post-1968 downshift in nuclear-powered increase of physical productivity, without which the presently ongoing, global breakdown-crisis of the entire world's civilization would not have erupted, in July-August 2007, as it has done.

This time, bring on the Renaissance now, before the present onrushing new dark age takes over the planet as a whole.