

THE STATE OF OUR UNION

The End of Our Delusion!

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The following document is presented as an urgently needed draft of what must be crafted to serve as the Platform for the coming U.S. General Election. It has been prompted by the fact that none among the putative leading pre-Presidential candidates has shown, so far, any recognition of the kind of reality which will face the voters in the coming November 2008 general election, and no sense of the issues which will have become decisive at the point of the January 2009 inauguration. It were said fairly, that all of the putative candidates, thus far, are treating the future as a continuation of assumed conditions which have ceased to exist, therefore showing little sense of what must be faced, or of what must be done, if our republic is to have a future during even the relatively few years immediately ahead.

Foreword: The Crisis Has Struck

As I spoke in my Webcast, now more than a week ago [July 25], the present global financial crisis has now erupted: "...at a time when the world monetary system is actually, now, currently in the process of disintegrating."

As the relevant Germany press describes the situation, the crisis at the Industriekreditbank (IKB) arm of the Germany's Kreditanstalt für Wiederaufbau, involved the use of IKB to attempt to sustain the overstretched and trembling Germany banking system. Apparently, the attempt at a clean stop-gap action failed at some point in the chain of arrangements. Such a development within the Germany banking system blows away the credibility of the efforts of the U.S.A.'s Henry Paulson and others to maintain the illusion that the U.S.A. side of

the current global financial panic is only a marginal moment of crisis within the limited domain of a subprime mortgage-backed-securities market.

The fact of the matter is, at the one end, there are the respective mortgage-based securities markets, and, at the opposite end, the world-wide, British Cayman-Islands-centered operations of the "hedge funds." These are the "book-ends" of a global systemic financial crisis whose most notably complicating feature is the role of the Japan "carry trade." The inability of the banks, at the one end, to play their assigned part in passing along margins of money *now not being supplied* to the current rash of hedge-fund takeovers, means a general breakdown of *that system* as a whole.

Therefore, to understand the current phase of this global financial crisis, we must not let our attention be distracted by chatter which seeks to draw attention from the crucial significance of the failure of the current world system at its "book end"-like extremes. Such, figuratively speaking, are the "horseshoe nails" whose failure ripples, chain-reaction-style, to the loss of the rider and kingdom alike.

A combination of developments, heralded by events such as the catastrophe in some Bear Stearns accounts, a political eruption in Japan's parliamentary elections, and the crucial developments reported by Germany's IKB on Monday, July 30, 2007, have been combined, thus, with related developments, to signal entry into a terminal phase of the global crises now breaking out, chain-reaction-like, in the Transatlantic and other leading financial markets. Stubborn refusal to face essential facts has caused a long on-coming, virtually inevitable, great, global financial crash either as early as 2007, or slightly later. This has brought us to such a point of crisis.

Although the world's present financial system could not be rescued, a crash of the world's physical economy could still be prevented. I have explained this repeatedly over the

FIGURE 1
It's Only Money!



The Dow Jones Industrial Average, from just before its 14,000 peak on July 20, through its 387-point crash on Aug. 9, 2007.

course of the recent forty-odd years, but that rescue of the real economy could not occur under the conditions defined by an effort to maintain that present, floating-exchange-rate, world monetary-financial system which was launched under the administrative initiative of the U.S. Nixon Administration's George Shultz during 1971-1972.

As a result of that stubborn clinging by current political authorities to misguided policies, especially the now-failed U.S.A. and British monetary, economic, and warfare policies of the recent three decades, the world's present world monetary-financial system has thus begun its death-agony. A new, reformed monetary system could survive; the presently existing one could not. What dreamers and false prophets said could never happen, has now happened. I repeat: Whereas the world's *physical economy* could be rescued from the presently inevitable bankruptcy of the failed, present monetary system economy itself, *the presently dominant world monetary-financial system, is now as doomed as the legendary Dodo.*

That system was already threatened with a future crisis by the shifts in policies adopted under President Harry Truman, during the post-Franklin Roosevelt interval of what is generally referred to as "World War II." However, it was only two decades after that war, with the U.S. entry into what became a long war in Indo-China, that the long-term economic dangers in Truman's actions became clear. Today, without a return to the U.S.A.'s constitutional, anti-monetarist, American System of political-economy, a return to those principles which

informed President Franklin Roosevelt's recovery from the 1930s world depression, the worst outcome imaginable were about to happen to the world at large.

Is the Economy Itself Now Doomed?

Therefore, it were necessary to preface the outline of the proposals for the needed sweeping form of current reform, by a review of some of the most significant history of the problems which have been accumulated since the death of that great President, Franklin Roosevelt, who authored a wonderful recovery from those earlier follies of the 1920s which had been promoted under Presidents Coolidge and Hoover, and also under Andrew Mellon.

The first, March 4, 1933 inauguration of President Franklin Roosevelt, led our United States of America from the despair of 1929-1932, into which it had been misled by the Coolidge and Hoover administrations, into our triumph as a nation, a triumph which had

not only made possible the defeat of the Adolf Hitler dictatorship, but had built the U.S.A. into the concentration of the greatest physical-economic power which the world had ever known. But, then, with the death of that President, on April 12, 1945, under the administration of President Harry S. Truman, our U.S.A. changed its sense of long-term direction, to become what has proven to be, now, a Classical tragedy of that named type associated with those of ancient Aeschylus, and of modern Shakespeare and Schiller.

In terms of physical-economic facts alone, for all our short-term troubles, we did remain, on balance, a powerful, growing economy, until the time of the November 22, 1963 assassination of President John F. Kennedy. It might appear to be the case, that our economy's plunge to its present state of ruin was begun with the prolonged U.S. 1964-1972 war in Indo-China; but that war, alone, does not account for the fact that, it was as that Indo-China War was ending, that we made the most ruinous changes in direction of policy-shaping. The pattern of these revolutionary—or, should we say, counter-revolutionary—changes which were made under Presidents Nixon, Ford, and Carter, have been the core of the causes which have sent our economy down, down, down, plummeting into that presently catastrophic state of physical-economic decadence from which the majority among our citizens is suffering today.

Until the effects of that U.S. War in Indo-China, the economic-cultural outlook of our republic continued to be, approximately, a continuation of that experienced under the



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Franklin D. Roosevelt is sworn into office for his first term on March 4, 1933. With the death of FDR in 1945, the United States began its change in direction to what has now proven to be a Classical tragedy.

President Roosevelt's leadership, as expressed in both his recovery program and his mobilization for the defeat of Hitler. The adult generations which had experienced the Depression, the recovery, and that war, had that experience embedded as if in their bones. I can say, today, as eyewitness, mine was the generation of the young adults who, in the large, rallied to President Dwight Eisenhower and to the vocal renewal of the Franklin Roosevelt legacy by President John F. Kennedy. As long as my generation lived, the echo of that experience remained, as for me, embedded in the conscience of many among us.

The assassination of President Kennedy, and the launching and continuation of the Indo-China War, created the social chemistry under which the already simmering radical and ruinous changes in the leading cultural outlook of the nation were induced. These were changes of the type which President Dwight Eisenhower had already named a "military-industrial complex," changes which were, in fact, already in progress virtually from the moment after President Franklin Roosevelt died. The turn against our science-driven farming and industrial traditions, was typified by the Carter Administration's adoption of the programmatic outlook of the Trilateral Commission: a wrecking of the very foundations of our

internal economy, a wrecking which found its political support chiefly in the "white collar" sentiments among the young adults of the so-called "Baby-Boomer" generation of today.

Thus, the combined, corrosive moral and economic effects of a long war of 1964-1972, the lunacy of the wrecking of the Bretton Woods agreements, and the "post-industrial" insurgency of 1968-1981, wrecked the house which Franklin Roosevelt had built, and plunged the political processes of the nation into a kind of Sophistry which should have reminded historians, ominously, of the social forces responsible for the self-destruction of Athens in the Peloponnesian War.

So, to summarize this immediate point: It was the commitment to the Liberal monetary and economic, and social reforms of the 1969-1981 interval, which have become the policy-matrix which has ruined our republic during the decades then and since. The changes which have ruined us, began as a kind of moral corruption, under the administration of President Harry Truman; but, what threatens us with ruin, unless we change that now, is the effects of the more radical changes introduced as a set during the 1969-1981 interval. These changes have wrecked us. That cultural-paradigm shift, has been the principal immediate cause for the state of ruin which continues to grip our republic today. It is those policy-

changes which we must now reverse, and that suddenly and to immediate and pervasive effect, if our republic is to survive the already onrushing global breakdown-crisis of the presently existing world system.

This, in summary, is our present national tragedy.

Therefore, to save our republic from a presently immediate and continued economic and related threats to our constitutional system, we must return our attention to the point at which the relevant moral corruption of our policy-shaping processes was germinated, not only from the moment of President Kennedy's assassination, but back to the time when the seeds of the dragon were sown, at the time of President Franklin Roosevelt's death.

To understand the causes for the ruined state of our economy today, we must look more deeply into the long-term implications of the original turn against the Franklin Roosevelt legacy, the turn which President Truman's accession began. The significance of Truman's accession became clearer, as Truman's popularity plunged during his second term. The nation turned wisely to Dwight Eisenhower to rescue the nation from Truman's folly. (I was there at that moment, and understood it rightly, already at that blessed time.) Despite the well-deserved popularity of President Eisenhower, and of President John F. Kennedy, the presently ruined condition of the U.S. economy is a fruit of a long wave, a decades-spanning change in overall direction, toward increasing power of what President Eisenhower would identify as a "military-industrial complex," a change which had actually begun, already, virtually on the day Harry S Truman entered the Presidency.

So, despite the relative, average increase in per-capita physical prosperity during the 1945-1963 interval, the radical changes, away from the global and national policy-matrices of President Franklin Roosevelt, were already the characteristic *direction of long-ranging change* in the economy during the entire span of the long-ranging trends in policy over the entire interval from April 12, 1945 to the present date.

This concept is crucial, in the sense that, without this notion of our 1945-2007 history, as a time of an unfolding, post-Franklin Roosevelt, Classical tragedy, our republic would now fail in a way which would not only doom our nation, but would impel the world as a whole down, into the same general fate. The greatest threat to world civilization today, is not the present problems of the U.S.A. under nominal President George W. Bush, Jr., but our republic's failure to make the sudden turn-about to the kind of the leading role on which the welfare of the planet as a whole now depends, that for decades yet to come.

The Force of Tragedy

The Classical European paradigm for the kind of failure of statecraft which has been experienced by the U.S.A., so often, during the period since the death of President Franklin Roosevelt, is the same cultural decadence which prompted the collapse of Pericles' Athens into what became the ruinous Peloponnesian War. What I have just described, above, as the

change from the creative optimism of President Franklin Roosevelt's revival of our Constitutional tradition, is that long reign of Sophistry, like that of self-doomed ancient Athens, which grabbed control of our destiny, increasingly, under President Truman and beyond.

It is essential today, if we are to locate the root of our present calamity, that what the U.S.A. has done to itself since the death of Franklin Roosevelt, but also, more noticeably, since the assassination of President John F. Kennedy, is a full-blown tragedy in the strictest understanding of the principles of the Classical drama of Aeschylus, Shakespeare, and Friedrich Schiller. The meaning of "tragedy" is not limited to a case of a death or suffering which could have been avoided; in its strict, Classical meaning, it treats the case in which the victim, which may be an individual or an entire society, destroys himself, or itself, as a result of a generally accepted belief, or, the same thing, a habituated tradition. In that strict use of the term, "tragedy," the recent behavior, or, lack of appropriate behavior by the campaign-money-conscious U.S. Congress, has been truly tragic in the full meaning of the term.

In applying that conception to the specific case of our presently crisis-stricken U.S.A., we must refer to the role of what both ancient Classical Greek and modern Classical-scientific culture recognize by the strict use of the term "dynamics," as a term of Gottfried Leibniz's scientific method, the method expressed by the insertion of Leibniz's concept of "the pursuit of happiness" into our Declaration of Independence, and the premising of our Federal Republic's policy-making on the same great principle of "happiness," under which notion of the "general welfare" was inserted into our Federal Constitution.

This use of "dynamics" by me, here, means, that contrary to the dogmas of the academic and kindred ideologues of Romanticism, there are sometimes prophets in history, but there are no effective heroes among the typical, incumbent leaders of a culture which has entered a truly tragic phase of its existence. I speak of that tragedy into which the U.S.A. entered upon the death of Franklin Roosevelt. In all Classical tragedies, such as those portrayed by Aeschylus, Shakespeare, and Friedrich Schiller, it is the current form of culture of the society as a whole which has failed, a systemic failure of a culture, which grips all incumbent leaders of the society's characteristic institutions, and also the great majority of the population in general. I know this very well; I was there, and I recognized that fact immediately, at that time.

In a truly tragic period of a culture's history, such as that inaugurated in ancient Athens under Pericles, or that which has dominated the U.S.A.'s and world history as a whole since the death of Franklin Roosevelt, it is also the popular opinion shared among a great majority of the population, but especially the great majority among its leading social and political classes, which brings the doom of that afflicted society upon itself.

Often, as it was for the U.S.A. under President Truman, as in the early stages of the show of riches under Athens' Peri-

cles, there is a period of initial prosperity and sense of triumph, which snares the leaders of the society into that same kind of surge of misguided overconfidence which led into the fated doom of Athens in the Peloponnesian War, or which led the foolhardy U.S.A. into its suicidal plunge into both the 1964-1972 Indo-China War and, now, the present cauldron of Southwest Asia.

This has been the characteristic pattern leading toward the ultimate failure of the U.S.A. under all Presidents, from Harry S Truman through the worst so far, Dick Cheney's puppet-President, George W. Bush, today. We have enjoyed a few relatively good Presidents during this tragic span, but they were chosen to lead a society which has continued to show, more and more, the characteristics of a living tragedy, despite their personal impulses to the contrary.

To halt a tragedy, reforms are never sufficient; since such tragedies are the fruit of mass-delusions, from the higher social ranks of society, on down, it is indispensable that we change the entire system's relevant set of prevailing axiomatic assumptions. Those are assumptions such as that belief in "free trade" which has been a crucial factor in the mass behavioral factor impelling popular opinion into the self-destruction of the U.S. economy which we have experienced during the recent three-and-a-half decades.

Every known culture of mankind in history so far, whether a happy or wretched one, presents us with a people who, at large, are engulfed within an intricate mass of axiomatic-like assumptions. Some simplistic opinion would describe such a population as "programmed." Others would refer to sets of false beliefs which either are, or pretend to be universal physical principles, as the so-called "laws of our universe." Against this reality, the virtual idiot is the man who insists that his judgment is not affected by such cultural-environmental "fences" around the range within which his mental processes are permitted to wander. We sometimes speak, for example, of "accident proneness," or of an individual controlled, like an enraged dog on a leash, by his, or her most gripping obsessions.

Although these matters are sometimes discussed, the individual's awareness of that kind of pathetic relationship usually vanishes during the span of the proverbial heat of the moment of decision. What are the powers which control your reactive decision in "the proverbial heat of the moment"? How can a population whose majority has supported mass-insanity in its top ranks, such as the U.S.A. of recent decades, be induced to cease being as foolish as its majority has shown itself to be during recent decades?

Such is the force of tragedy, or, in the Classical Greek tradition of the Pythagoreans, Plato, and Leibniz, dynamics. It is that matter which justly fascinates the reflective sort of cultured persons when the subject of their attention is ancient Classical Greek tragedy, or of Shakespeare's English history collection as a single work, or, the more advanced insight into the same principle of tragedy which is met in the work of a Friedrich Schiller as Schiller proceeded from the implications

of relevant predecessors such as those.

What is too often overlooked about the crafting and performance of Classical tragedy and its like, is, that the subject of the drama is not on the perceived stage, but, as Schiller emphasized, the reaction of the mind of the fellow in the balcony of the theater to the way in which the action in the shadow-land on stage is brought to life, as if within a memory, within that member of the audience. As Friedrich Schiller emphasized: the object of the drama is to induce a person who has entered the theater, to leave that theater, thus, a better citizen than he, or she had entered, thus to take charge of those compulsions of ignorance which threaten him from within.

In a certain degree, on that just stated point by Schiller, therefore, the historian and intelligent ordinary citizen, alike, profit greatly from a good presentation of the prescribed opening of a well-staged performance of Shakespeare's *Henry V*, of the monologue by the Chorus.¹ So, on all occasions of Classical drama since the ancient Classical Greek stage, the actors on stage, and related trappings, must dissolve into the reality of *that other scene and cast* which those mere appearances of the actors on stage call forth as in the guise of the mental images seen and heard, on a higher plane than that mere stage, within the mind of the member of the audience. The drama must evoke the appearance of the vision, sound, and action to which the image of the performance on stage performance refers. The actors and the scenery must not distract the attention of the member of the audience from the intended, historically specific, relevant sights and sounds of the drama itself, rather than the mere images now seen and heard on the stage as such.

The transformation which such a Classical drama's performance, or the real-life stage must evoke, has the same characteristics of action as an original discovery of a universal physical principle, or a creative insight of the qualified performer into a work of art. The essential thing in such necessary transformations of the axiomatic premises of thinking, politically or otherwise, is shift in focus of attention from local actions, to the matter of a choice of principle expressed by the process as a whole.

The truly Classical art of politics, is to see ourselves as an actor in that drama of the society as a whole, on that stage. It were prudent to think, in this way, of European culture's now global history over a span since about 700 B.C. In that way, by understanding the critical aspect of the underlying changes and their outcomes in this span of history, the needed essential ideas come into view.

That is the approach which we must now summon among ourselves, that we might accomplish the needed transformation from the form of human cattle recognized as persons who are merely voters, to those who think and act as true citizens of a republic like our own.

—Leesburg, Virginia
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1. See End Note.