

Balkan peace and world economy: The case for a 'New Marshall Plan'

by Lyndon H. LaRouche, Jr.

The following report was composed before the June 3, 1999 announcement of a tentative Balkan peace agreement. However, on rereading it before the process of final editing, this report would not be improved respecting any of the matters it addresses, by expanding it to reflect the new developments of June 2-9th.—LHL.

June 1, 1999

It should be clear to all literate and sane U.S. citizens, that, as of the present date of writing, the British monarchy and that monarchy's American lackeys, such as bouncing bad Czech Madeleine Albright, were prepared to go to extremes to launch this war, and are prepared, if permitted, to go to extremes in their efforts to prevent U.S. President Bill Clinton from bringing it to the truly peaceful conclusion which he proposed in his San Francisco address on the subject of his proposed "exit strategy."¹

It should also be clear that, even if peace breaks out, despite the efforts of that monarchy and its lackeys, the latter are prepared to prevent any meaningful economic reconstruction in either Kosovo, or Yugoslavia as a whole, just as they misused the Dayton accords as a cover for preventing any of that serious reconstruction of Bosnia which had been intended by former U.S. Commerce Secretary Ron Brown, before the

sudden death of Brown and his distinguished companions.

It should also be clear, that even if a peace agreement is soon reached, and even if a general agreement on what President Clinton has described as "A New Marshall Plan" is adopted, that the British monarchy and its lackeys, such as Zbigniew Brzezinski, see the Balkan war against Yugoslavia as merely a gambit in furtherance of their real purpose, to seize the present opportunity virtually to remove a conveniently weakened Russia from the world map, for once and for all. Any peace in the Balkans would be seen by these British circles and their lickiest of American lackeys as an obstacle to reaching their real goal; that goal is an immediate effort to finish off Russia now, and ruin China, too, even if that strategic outlook means thermonuclear war with Russia's only major military capability, its ageing "doomsday" arsenal!

My subject in this report, is the issues of global economic policy posed by any serious effort to conduct "A New Marshall Plan" of economic reconstruction in the region of south-eastern Europe. However, to situate those issues, I must preface that chief part of my report, by some most pertinent observations on key global features of the British monarchy's leadership of NATO's Balkan war as such. The relevance of those observations to the economic issues of peace and reconstruction, will become clearer in the course of this report as a whole.

I forewarn the reader, that this report is of some length, and contains parts which only citizens who actually think (cognitively) are likely to read to completion. The world, even

1. Speech on April 15, 1999 before the American Society of Newspaper Editors in San Francisco. For text see *EIR*, April 30, 1999, pp. 58-61.

our United States itself, has come into such a time of world crisis that no desire to retreat into isolation from the world at large could protect us. Only the leadership provided from among the precious minority of actually thinking citizens in the pores of the citizenry, in addition to exceptional leaders from among official circles, will be capable of getting the world safely through the several years ahead.

The world is presently gripped by the worst crisis experienced at any time during this passing century. This crisis was not inevitable. It has come upon us because of nothing but those habits of thinking which have controlled the United States and Europe, among other places, during, especially, most of the past thirty-odd years. For anything our nation may suffer now, or during the months and years ahead, most of you citizens have no one to blame as much as yourselves. Nothing has shaped the way this crisis was brought upon us all, as much as those fatal errors of assumption which too many of you regard as “generally accepted ways of thinking.” Others in high places may have shaped the policies which have ruined us, but it is most of you, who have gone along with those directions in policy-shaping.

As President Lincoln once put it, most of you have been fooled—about all sorts of things—most of the time. What the evil Walter Lippmann defined as “public opinion,” is the world’s great whore. To understand her, and her patrons, such as you yourself, you must see her as Lippmann did, through the eyes of her mass-media pimps. Others fooled you, but they were able to do that only because too many among the legendary common people, insisted upon fooling themselves into “going along with public opinion” as the Roman imperial tradition of *vox populi* identified it, as Lippmann’s mass-media redefined it. If someone induced you to believe what a certain mass-media controlled “public opinion” told you to believe as fact, most of you, until now, have accepted that misleading advice in the manner a puppet responds to jerks on its strings.

It was you who played thus the role of real-life Lilliputians—or, of the Laputans—as if out of the pages of Jonathan Swift’s *Gulliver’s Travels*.² It is necessary to blame those officials and other notables who pushed these policies forward for what they did; but, as Cotton Mather warned you,³ and as Swift wished to teach you by his fables, you will not be freed from the grip of misleadership by the so-called “establishment,” until the great majority among you stop playing the sophist’s fool. You must cease your foolish tendency to rely upon cheap debater’s tricks to defend your wrongheaded choice of opinions; you must cease behaving as if you were a

2. Jonathan Swift, *Gulliver’s Travels* (New York: St. Martin’s Press, 1994).

3. H. Graham Lowry, *How The Nation Was Won: America’s Untold Story* (Washington, D.C.: Executive Intelligence Review, 1988). See p. 49 for Mather’s 1696 pamphlet, *Things for a Distress’d People to Think Upon*. See also pp. 36-50 and 297-313.

pimpled sophomore in a college undergraduates’ debating society. You must stop basing your opinion on approval from the lying mass-media and other hoaxsters who have shaped most of perceived “public opinion” up to now.

We have thus come into a time, in which mere opinions, and so-called conventional ways of acting, are worse than worthless. Only carefully thought-out ideas are useful opinions, ideas which go against the grain of what most readers would, initially, still prefer to hear, even today. If the world is to come safely out of this mess, as it can, most of you are going to have to change your present opinions about the way in which “things” do, or ought to work.

No competent understanding of the issues and their solutions could be presented in that shorter length, or “more simple formulations” of concepts, which careless popular opinion today demands. For a change, you must think Socratically. You must consider changing the way you think about your own political and related behavior, your attitude toward public opinion as shaped by existing educational institutions, the mass media, and the leaderships of existing political parties, in particular. If you are unwilling to change your own habits of thinking on such matters, you, and our nation, are not likely to survive.

On a contrasting note of optimism, I also point out that some very serious policy-shapers in various nations are awaiting the publication of this report, and will be influenced by the report in the form it is published in *EIR* here. They have come to understand, that radical changes in ideas, in ways of thinking, are now indispensable, if civilization is to be saved. If you wish to know what is going on in today’s world, and care about the outcome of present trends, you will study this present report carefully, not just with a quick speed-reading brush.

The Belgrade China Embassy

No qualified analyst has now any remaining private doubt that the Belgrade China Embassy was deliberately targeted—as what NATO knew beforehand to be the China Embassy—by the British-controlled agencies responsible for NATO’s choices of bombing targets. The following facts are sufficient to make that point.

On May 7, 1999, China’s Belgrade Embassy was reportedly struck, within a tight time-interval, by three bombs, with clearly intended, devastating effect. According to uncontested reports, the bombs were delivered by a U.S. aircraft, ostensibly a B-52. This set of facts indicates the use of guided bombs, positioned on their targets by GPS means.

Prior to that May 7 event, the target, that Embassy, was long the subject of intensive electronic monitoring of its communication by agencies coordinated through the British Foreign Office’s Cheltenham GCHQ. Thus, Her Majesty’s British Foreign Office, which would clear such covertly selected, NATO-assigned targets, would recognize the GPS map-

position as corresponding, *within a range of a single meter*, to nothing other than the Belgrade China Embassy.

The purely diversionary piece of fiction, that “dog and pony show” about an antiquated map, which was staged by the U.S. Department of Defense, merely serves to demonstrate that the Pentagon had been assigned to stage a witting cover-up for the British monarchy’s responsibility for the selection of the China Embassy as a target. The bungled Pentagon side-show suffices to underline the certainty, that the Pentagon knew that the selection and assignment of the Belgrade China Embassy as NATO’s target was made by the British monarchy through the “Cosmic” covert channels into the relevant offices in NATO. They knew that the targetting of the embassy happened that way, because they knew, as did all other persons around the world possessing the relevant technical knowledge, that that is the way the command structure of SACEUR Wesley Clark’s NATO works.

Thus, these facts concerning that bombing of the Belgrade China Embassy, are known beyond doubt by every qualified observer in the world today. It would not be unreasonable to infer that the two relevant, China-hating hoaxsters in the U.S. Congress, lackeys of British influence Cox and Dicks, know, or might assume this to have been the case.

Four other incidents during the same general period as the Pentagon “dog and pony show,” are directly related to the British monarchy’s policy behind the bombing of the Belgrade China Embassy. This and related evidence must be taken as warning that the British monarchy and its lackeys will go to almost any lengths, in “flight forward” mode, either to prevent peace from breaking out in the Balkans, or, failing success of Britain’s hysterical efforts to escalate the war itself, resort to desperate actions to prevent any effective mode of economic reconstruction from being launched in that region.

The first such incident, attempting to prevent peace, was the ouster of Russia’s Prime Minister Yevgeni Primakov. According to Primakov’s reported terse account of the relevant incident, the ouster occurred at the behest of the leading British asset of the Russian “mafia,” Boris Berezovsky. We should add, that there was a financially corrupt political role of Vice-President Al Gore in this affair during that same period.⁴

4. Russian Communist Party head Gennady Zyuganov reported that Berezovsky knew beforehand that Primakov would be ousted. According to Itar-Tass, during the 12-hour period before Yeltsin announced Primakov’s firing, he held two separate meetings with Chernomyrdin. Several Russian media reported that Chernomyrdin had gone to visit Primakov, accompanied by Berezovsky, and that Berezovsky told Primakov that he was “finished.” For this, and for Al Gore’s meeting with Wall Street “big shots” to force the ouster of Primakov on charges of “anti-Semitism,” see article by Scott Thompson and Jeffrey Steinberg in this issue, p. 58. Berezovsky, the most powerful, British-backed magnate of Russia’s present-day mafia, was reported to be in Israel shortly before returning to Moscow to orchestrate the ouster of Primakov. Gore has been a partner of Russian mafia figure Viktor Chernomyrdin since no later than the formation of the crime-riddled Golden ADA operation (see Edward Spannaus, “Gore, Chernomyrdin Caught Up in Russian Gem Scandal,” *EIR*, March 19, 1999, p. 60).

The second British Commonwealth stunt, was the orchestration of a parliamentary coup d’état against the government of India.⁵ The third British stunt, was the release of the hateful, fraudulent Cox report against China.⁶ The fourth stunt was the British intelligence service’s insertion of its Afghan-war, “Taliban” assets into a key area of Kashmir,⁷ seeking thus to set off a war between India and Pakistan, and topple the present government of Pakistan.

Look at the Alice-in-Wonderland map of Eurasia, as portrayed by Secretary Albright’s sometime mentor, mad Zbigniew Brzezinski, in his *The Grand Chessboard*. Look at the matching revival of far-out “geopolitics,” in a recent issue of the London-founded New York Council on Foreign Relations’ *Foreign Affairs*.⁸ Look at the London-directed flow of funds into financial and related forms of anti-Russia, anti-China, anti-Iran, anti-India—and, anti-Pakistan—geopolitical operations in Central Asia. Compare these facts with the British traditional “great games” of the pre-1918 period. Look at the conflicts in the Balkans in general, and involving Serbia and Yugoslavia in particular, as the traditional British and French gateway to devastating Twentieth-Century wars between Central Europe and Russia.

Now, situate this array of strategic facts in the context of developments since the world financial crisis of August-October 1998. The disgusting conduct of Secretary Madeleine Albright and her fellow-Blair crony, Vice-President Al Gore, in the setting of the November 12-18 Kuala Lumpur APEC conference,⁹ marks a series of events leading into the British monarchy’s use of its U.S. assets, Albright and Gore, in the launching of the bombing of Sudan, the launching of the renewed bombing campaign against Iraq, and the presently ongoing Balkan war.

Those benchmarks given, locate the functional connection among them.

The terminal phase of the presently still ongoing world

5. On April 17, 1999, the coalition government led by Prime Minister Atal Behari Vajpayee fell, after losing a vote of no confidence by just one vote. According to a report filed by *EIR*’s New Delhi bureau, Jayaram Jayalalitha, leader of the AIADMK, a regional party from south India, which had just 18 seats in the Lok Sabha (Parliament), pulled out of the ruling coalition on April 14.

6. Report of the House Select Committee on U.S. National Security and Military/Commercial Concerns with the People’s Republic of China, May 25, 1999. See Jeffrey Steinberg, “The Cox Report Is a Gore, Inc. Pack of Lies,” and Lyndon H. LaRouche, Jr., “A Scientifically Illiterate Hoax,” *EIR*, June 4, 1999, pp. 68-71.

7. In the last week of May, the Indian Army disclosed that a large number of armed insurgents from Afghanistan had intruded far inside the Line of Control that separates the Indian and Pakistani armies in Kashmir. See Ramtanu Maitra, “Crisis in Kashmir Created to Weaken South Asia,” *EIR*, June 11, 1999, p. 38.

8. Lyndon H. LaRouche, Jr., “Mad Brzezinski’s Grand Chessboard,” *EIR*, April 1, 1996.

9. Mary Burdman, “Gore Bombs at APEC, as New Economic Order Is on Agenda,” *EIR*, Nov. 27, 1998.

financial crisis, was opened, as I had forecast months earlier, in October 1997. This led into a series of developments, including the inevitable, virtual sovereign bankruptcy of Russia in mid-August 1998. That virtual bankruptcy plunged one of the world's largest and most far-reaching hedge funds, the New York-based Long-Term Capital Management (LTCM) fund, into virtual bankruptcy. By mid-September, the LTCM crisis could be concealed no longer.¹⁰ In the setting of this crisis, a new Russia government, under Prime Minister Yevgeni Primakov, came into power in Moscow.¹¹ Out of this came a three-cornered strategic economic partnership among China, Russia, and India.¹² The partnership which has continued to be consolidated since, extends, in practice, to Iran and Malaysia, more recently to Pakistan, and to other Asia nations as well.

From the standpoint of London, and of British Commonwealth press syndicates such as the Hollinger and Murdoch chains, the progress of a strategic partnership between China and U.S. President Clinton, was a potentially mortal threat to what the British monarchy and London financial center deemed their most vital strategic interests. A broader partnership, including Germany, Russia, China, India, and others, the British monarchy considered a mortal threat to London's global financial interests. A series of measures followed the mid-October 1998 G-7 decision to join the British monarchy in a desperate, global effort to prop up the IMF's crumbling world financial system—if no more than temporarily—through the type of hyperinflationary methods since being deployed by Chairman Alan Greenspan's U.S. Federal Reserve System.¹³

It was in this context, that the strategic actions directed against President Clinton—the November-February impeachment campaign—and operations against other targets

10. Richard Freeman, "Greenspan Presides Over LTC Disaster," *EIR*, Oct. 9, 1998, p. 10.

11. Primakov was appointed by President Yeltsin on Sept. 10. See Rachel Douglas, "Russia Gets New Government, But Has Little Time," *EIR*, Sept. 18, 1998, p. 38.

12. On the need for a three-cornered Eurasian partnership, see Lyndon H. LaRouche, Jr., "The Road to Recovery," *EIR*, Feb. 19, 1999, p. 97. For a selection of *EIR* reports on the progress of establishment of this partnership, see Mary Burdman, "Jiang in Russia: A Speech That Can Change History," *EIR*, Dec. 4, 1998; Jonathan Tennenbaum, "The Russia-China-India Triangle Moves Forward," *EIR*, Jan. 8, 1999, p. 42;

—, "The Russia-China Partnership: Good News For Human Survival," *EIR*, March 12, 1999, p. 4;

—, "Will America Join the China-Russia 'Survivors' Club?" *EIR*, April 9, 1999, p. 14.

13. See Lyndon H. LaRouche, Jr., "Paul Krugman's Cargo-Cult Economics," *EIR*, Oct. 23, 1998, p. 18;

—, "The Roots of Today's Mass Hysteria," *EIR*, Nov. 6, 1998, p. 16;

—, "Food, Not Money, Is the Crisis," *EIR*, Nov. 13, 1998, p. 26;

—, "When Economics Becomes Science," *EIR*, Dec. 18, 1998, p. 20;

Richard Freeman, "Greenspan Creates New Hyperinflation Danger," *EIR*, Nov. 13, 1998, p. 16.

(Sudan,¹⁴ Iraq,¹⁵ Russia, China,¹⁶ India, etc.) were set into motion. Blair crony's, Vice-President Al Gore's November 16, 1998 most undiplomatic tirade against Malaysia's Prime Minister Mahathir bin Mohamad, was the opening gun of British asset Gore's and Gore hatchetman Norman Dicks' effort to launch a "Cold War" hate campaign against China, and to topple the then-emerging three-cornered collaboration among China, Russia, and India.

Observe the functional nature of the strategic connections among the set of facts I have summarized here thus far. In the light of these facts, for those who have any comprehension of financial matters, the significance of the British monarchy's control over NATO's Balkan war soon becomes unignorable.

Finance and war

Although some wishfully self-deluded people were taken in temporarily by the myth of "The Three Marketeers,"¹⁷ the Washington G-7 decisions of October 1998 actually solved nothing. In fact, as I had forecast the effects of attempting to manage the world financial crisis in that way, the G-7's hyperinflationary bail-out tactics, made the present world situation only desperately far worse than would have been the case had my proposal for a "New Bretton Woods" been accepted, instead of the October 1998 G-7 package.

One might recall, as Japan's International Vice Finance Minister Eisuke Sakakibara did recently, that it was sources such as U.S. Deputy Secretary of Treasury Larry Summers, who had pressured Japan into abandoning relevant reforms,

14. On Aug. 21, 1998, U.S. cruise missiles struck and destroyed the Al-Shifa pharmaceuticals plant in Khartoum. See Linda de Hoyos, "London Set Terror-Trap for President Clinton," *EIR*, Aug. 28, 1998, p. 38.

15. Key meetings of the Principals' Committee took place during President Clinton's visit to Tokyo and Seoul which began on Nov. 15 (British Defense Secretary George Robertson met with the Principals' Committee) and during the President's trip to the Mideast which began on Dec. 13. When the President was still in Israel, he was informed that the Principals' Committee had reached a "unanimous agreement" to bomb Iraq. En route back to Washington on Dec. 15, the President approved the plan, and the attack began the next day. See Jeffrey Steinberg, "Blair Hawks Gulf War to Destroy Clinton Presidency," *EIR*, Nov. 27, 1998, p. 46; Michele Steinberg, "How the British Israelites Sprang the Iraq Trap on Clinton," *EIR*, Nov. 27, 1998, p. 49. Jeffrey Steinberg and Michele Steinberg, "Will Al Gore Be Impeached?" *EIR*, Jan. 22, 1999, p. 50.

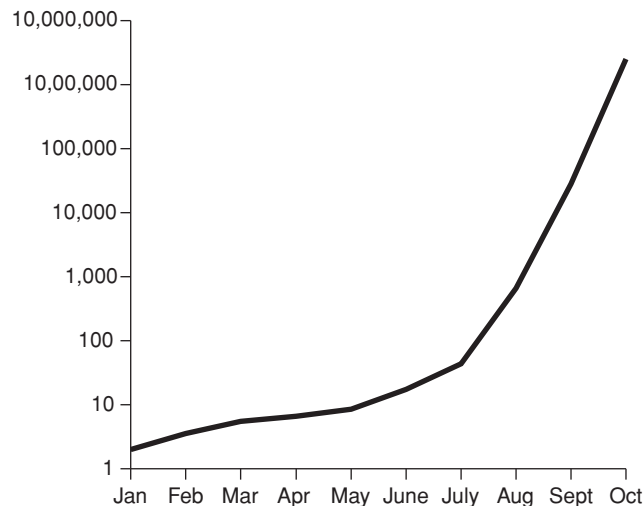
16. Gore crony Rep. Norm Dicks (D-Wash.) of the Cox Committee identified that the anti-China campaign had been reactivated during the same period of Gore's attack on Malaysia's Mahathir. See Jeffrey Steinberg, "Backlash Grows Against Gore's Cox Report Hoax," *EIR*, June 11, 1999, p. 60; Lyndon H. LaRouche, Jr., "A Scientifically Illiterate Hoax," *EIR*, June 4, 1999, p. 70; Edward Spannaus, "Next Round of Assault: Clinton's China Policy," *EIR*, Feb. 26, 1999, p. 58.

17. Joshua Cooper Ramo, "The Committee to Save the World: The Inside Story of How the Three Marketeers Have Prevented a Global Economic Meltdown—So Far," *Time*, Feb. 25, 1999. The cited three marketeers are U.S. Treasury Secretary Robert Rubin, Federal Reserve Chairman Alan Greenspan, and Deputy Treasury Secretary Larry Summers.

FIGURE 1

Hyperinflation in Weimar Germany, 1923

(trillions Reichsmarks outstanding)

Source: *Zahlen zur Geldentwertung in Deutschland 1914 bis 1923.*

a \$100 billions Asia Monetary Fund, earlier during 1998.¹⁸ The London-sponsored G-7 decisions of October 1998, to postpone discussion of a “New Bretton Woods,” and to choose hyperinflation, rather than a “New Bretton Woods,”¹⁹ thus postponed the day of reckoning, but at the price of making the crisis conditions of mid-1999 predictably far, far worse than would have been the case otherwise.

The events of Summer-Autumn 1998 brought the world to a state of affairs like that of Weimar Germany during the Spring and Summer of 1923. Since the French military occupation and looting of Germany’s Rhineland (in the name of collecting war-reparations payments), Germany had resorted to hyperinflationary policies much like those being used now by Greenspan’s Federal Reserve System. As a result, Germany came under escalating hyperinflationary and deflationary pressures, simultaneously. At the close of Spring 1923, the pent-up hyperinflationary pressures exploded, leading to the hyperbolic disintegration of the German Reichsmark. [Figure 1.] The world, including, notably, Japan, Russia, Brazil, the Euro, and also New York’s financial market, are on the verge of a similar transformation, all occurring either simultaneously, or in closely proximity to one another.

See the implications of this set of facts through the eyes

18. *Australia Financial Review*, May 25, 1999.

19. The LaRouche Democratic Presidential pre-candidacy, LaRouche’s Committee for a New Bretton Woods, was officially filed with the U.S. Federal Election Commission (FEC) on Sept. 8, 1997. This proposal and its principal features, were detailed in several extended reports circulated during 1997 and 1998, prior to the LTCM crash and October 1998 G-7 meeting.

of both the British monarchy and the City of London financial center. The British Commonwealth is the world’s leading financial and political power today. The most vulnerable flank of that combined power is London’s still-expanding domination of the world’s financial system, including that of the U.S.A. That financial system is a giant, vastly overstretched bubble, now about to burst.

This circumstance allows two types of near-future alternatives: either chaos, or a political reorganization-in-bankruptcy of the world’s present financial system. Either way, there is no possibility that the IMF system could continue to exist in its present, London-dominated form.

Remember, that the British monarchy is the only sovereign government of the United Kingdom, and also the de facto government of the British Commonwealth, as well as of several among the nations which are Commonwealth members. This monarchy is not a feudal monarchy in the same sense we would describe that gang of brutish robber-barons who forced the monstrous travesty known as the Magna Carta on King John. The present British monarchy is a Venice-style financier-oligarchical monarchy, not a monarchy rooted in a landed aristocracy. The ruling set of barons of today’s British empire is selected from among the financial oligarchs, a social formation whose highest rank features the same set of leading private banking firms of the London clearing banks’ center, the which were represented by Britain’s Montagu Norman in bringing Adolf Hitler to power in Germany.

Therefore, if the virtual world-monopoly power centered in that City of London were broken, the Duke of Edinburgh and his mean-tempered wife would be reduced to circumstances like those described by Macaulay, of Lord Sir George Jeffreys (he of whores’ court and Bloody Assizes notoriety), fleeing into his imprisonment while pursued by an outraged English mob’s appetite for justice too long delayed.

That British financial power is threatened with doom. Should a powerful group of nations, perhaps assembled in concert with the President of the U.S.A., respond to the need for an emergency monetary conference, to establish a new monetary order modelled on the best features of the pre-1958 Bretton Woods system, the world’s economy would prosper, but the United Kingdom would suddenly become just another state within Europe, reduced to equal status with today’s France, or, even today’s Spain, perhaps. Rather than risk that, the British—or, should one say “Brutish”—monarchy would prefer to send the world to Hell. To the prospect of such a risk, Queen Elizabeth II responds, as she did to the threat which Princess Diana posed to the royal image of the Windsors, with a state of mind like that of England’s Richard III, or of a doomed Adolf Hitler in the bunker.

The current objectives of British policy followed. First, destroy, or neutralize Democratic President Bill Clinton (and also rid the world of the growing global influence of the ideas of Democratic Presidential pre-candidate Lyndon LaRouche, in any way possible), while reducing the U.S. to a virtual



Queen Elizabeth (left) and Prince Philip. Rather than relinquish its power, LaRouche writes, the British—“or should one say ‘Brutish’—monarchy would prefer to send the world to Hell. To the prospect of such a risk, Queen Elizabeth II responds, as she did to the threat which Princess Diana posed to the royal image of the Windsors, with a state of mind like that of England’s Richard III, or of a doomed Adolf Hitler in the bunker.”

Commonwealth-style colony of London. Second, isolate and destroy Russia, such that it might never again become a major power. Third, target China and India for chaos, and reduce continental Europe as a whole to a state of ruin reminiscent of the Fourteenth Century.

In short, the present British monarchy, including its Commonwealth press-lord lackeys such as Hollinger’s Black and Murdoch, is desperate to prevent a secure peace from breaking out in the Balkans.

Reflect on the maddened British monarchy’s fears.

First, the establishment of an armistice based upon so-called G-8, rather than NATO conditions, would put President Clinton back in charge of the United States, taking his power back from the British-run cabal which grabbed much of his power during and since the November 1998 launching of the since-defeated act of impeachment. That, the British monarchy and Blair government are determined to prevent, if possible.

Second, with bitter memory of the fraud played against him in the setting of the earlier Dayton accords, the President is not likely to allow easily the squandering of funds on payments for the incompetent advice of accounting firms, as putative substitutes for actual assistance to victims of the war, as was the case in post-Dayton Croatia and Bosnia-Herzegovina. This time, the President seeks genuine economic reconstruction, which means a type of program which can not be entrusted to institutions such as the IMF and World Bank. Such a U.S. policy, the British monarchy and its Wall Street lackeys will not permit, if they are able to prevent it.

Assume that the aforelisted obstacles to peaceful economic reconstruction are put aside. What then, should be de-

finied and adopted as an effective program, not a repeat of the disgusting blunders of Dayton?

1. The crucial issue

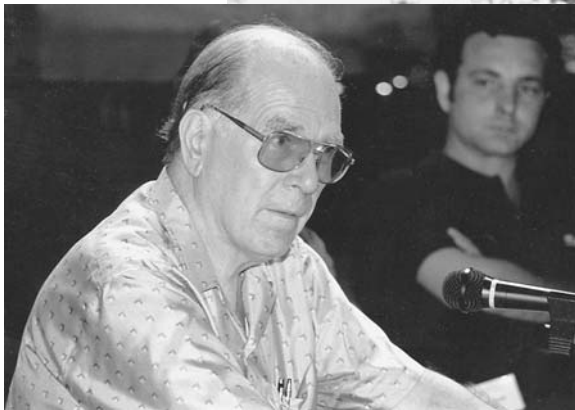
So far, it has been crudely, but fairly estimated, that for each U.S.-dollar-equivalent spent in NATO’s bombing war against Yugoslavia, the equivalent of \$10 of ruin has been left on the bombing’s targets. So far, as a matter of ball-park estimates, we are speaking of a \$100 billions bombing war, assuming NATO’s war stops at that. In short, the reconstruction bill for the area has now reached approximately \$1 trillions equivalent.

Some foolish people say that Europe and the U.S.A. combined could not afford the costs of anything approaching reconstruction on such a scale. True, the cost would total to what seems an enormous amount, but only pathetically ignorant people would imagine we could afford *not to pay* those costs. Such foolish people ought to remind us of those who would not meet the medical costs of their parent’s survival, on the pretext that “We had put that money aside for our vacation.”

Assume this damage is not repaired? In that case, not only would the post-war death-toll caused by the war exceed all the suffering incurred during the war; the entire area would be plunged into a chain-reaction of death and disease. The area would become a bleeding ulcer in the belly of Europe, a region plunged into a protracted “new dark age.” These effects would not be limited to the area of today’s Yugoslavia and its Kosovo province. All of southeastern Europe, south of Vienna and Bratislava, would be plunged, by economic



U.S. President Bill Clinton and Chinese President Jiang Zemin in Beijing, June 27, 1998.



Democratic Party Presidential pre-candidate Lyndon H. LaRouche, Jr.

The current objectives of British policy: “First, destroy, or neutralize Democratic President Bill Clinton (and also rid the world of the growing global influence of the ideas of Democratic Presidential pre-candidate Lyndon LaRouche, in any way possible), while reducing the U.S. to a virtual Commonwealth-style colony of London. Second, isolate and destroy Russia, such that it might never again become a major power. Third, target China and India for chaos, and reduce continental Europe as a whole to a state of ruin reminiscent of the Fourteenth Century.”



Former Russian Prime Minister Yevgeni Primakov (left), with NATO Secretary General Javier Solana.

Indian Prime Minister Atal Behari Vajpayee (left), whose government was defeated in a no-confidence vote on April 17, with Iranian President Seyyed Mohammad Khatami.



chain-reactions, into the same “new dark age.” The victims would include not only the already pitiful Albania, but also Romania, Bulgaria, Macedonia, and Greece, spilling back into not only still unrebuilt Croatia, but also Slovenia.

The rest of Europe would be similarly affected.

There are small-minded and ignorant persons among influential circles in Washington, D.C., and elsewhere, who babble on the subject of alleged economic rivalry between the United States and the so-called “Euroland” of western continental Europe today. Some such foolish influentials speak of “trade wars,” as the unfortunate Vice-President Al Gore does. Others also speak of financial and monetary, as well as trade competition. These mean-spirited fools exhibit not only their brutish ignorance, but also most pathetic and dangerous delusions, especially when their opinions are expressed by what are, unfortunately, influential circles.

Europe is currently bankrupt. It would be bankrupt even without the added burden of an estimated new \$1 trillions of devastation heaped on Europe as a whole by the bombs lately dropped on Yugoslavia. The blame for the general present state of virtual bankruptcy, lies chiefly with the agreements imposed upon both western and eastern continental Europe by the cabal of Thatcher, Mitterrand, and Bush, back during 1989-1991. For this, Bush should fork over his money as payment for damages; but, it is unlikely that he, Baroness Thatcher, or the culpable cronies of Mitterrand will do so.

That leaves Europe with the challenge of finding other means for ridding itself of the Thatcher-Mitterrand-Bush legacy, and of taking suitable additional measures for climbing out of its presently bankrupted state. Without cooperation with Europe in just such a mutually beneficial undertaking, the U.S.A. is also virtually bankrupt at this time—which all of you, personally, will discover as soon as the present Wall Street bubble pops, as it soon will.

I summarized the U.S. interest in Europe’s internal situation, in the following remarks, within my keynote address at the April 21 *EIR* seminar held in Bad Godesberg, Germany:²⁰

“... Let’s take the case of Germany. I don’t want to meddle in the affairs of the German government, but I do have a perception of what the vital interests of Germany and Europe are, and I feel perfectly free in speaking to those anywhere.

“For some period of time, the economy of western Europe has depended absolutely upon the economy of Germany. The economy of Germany, in turn, has depended upon the export activities, particularly the machine-tool sector export activities of Germany. If the machine-tool sector of Germany collapses, then the German economy will collapse. If the German economy collapses, the entire European economy will col-

20. “The Way Out of the Crisis: Europe, the World Financial Crisis, and the ‘New Cold War.’” A seminar featuring LaRouche, Germany’s Professor Wilhelm Hankel, Russia’s Professor Stanislas Menshikov, Germany’s Helga Zepp-LaRouche, India’s Professor Devendra Kaushik, China’s Professor Qian Jing, with participation by Germany’s Michael Liebig and Russia’s Professor Taras Muranivsky, among others, *EIR*, May 7, 1999.

lapse. Therefore, Germany has a vital interest at this point in restoring its machine-tool export-oriented industry. It’s the only way you can solve the problem. Nothing else will work. And it can not develop that industry, unless it protects its markets for the increase of [those-LHL] exports. Those markets are primarily Eurasia. They are primarily China, India, Pakistan, Iran, Russia, and so forth.

“So, unless you are going to defend the viability of growth in China, India, Pakistan, Bangladesh, Iran, and so forth, and Russia, you’re not going to save the European economy, because you’re not going to save the German economy. Therefore, Germany has a vital existential interest in those political operations which will create the circumstances in Eurasia—especially Eurasia, which suffice to rebuild the economy of Europe, and Germany in particular. Very simple.

“And, I think that perhaps anyone in Germany who is a senior military figure or a senior civil servant, or other senior figure of the economic community, understands that: that, unless that is done, nothing is going to work. And, therefore, it is in the vital interests of the United States to support that interest of Europe and Germany.

“The conditions exist, under which that can be the case. And, if the United States doesn’t support such a policy, the United States doesn’t know its own interests, and is insane. That’s my policy.”²¹

At several points, during that same conference, several of the participants referred to the role of Germany’s famed post-war Kreditanstalt für Wiederaufbau (KfW), which seminar speaker Professor Hankel once served as economist. Respecting the prospect of what President Clinton has proposed as a “New Marshall Plan” of economic reconstruction for southeastern Europe, it should be noted that, relative to Germany’s famed “economic miracle,” the other leading beneficiaries of U.S. credit extended, such as Britain and France, were relatively economic failures. It is the combination of the model of the KfW with my emphasis on the crucial role of a revived machine-tool-design sector, on which the possibility of a successful “New Marshall Plan” depends absolutely.

Naturally, there will be sundry forms of objections to such an approach. All opposition to either a “New Marshall Plan,” or to my own, and others’ emphasis upon the combination of the machine-tool principle and the KfW model, are intrinsically incompetent objections, but not unexpected ones. Consider the case of opinion among politicians, bankers, and ordinary folk within the U.S.A. itself.

From Roosevelt to Kennedy

From the time of the process of economic recovery launched by President Franklin Roosevelt, through the foreshortened term of President John F. Kennedy, most of the adult population of the U.S.A., like that of Europe, was dominated by emphasis upon economic values associated with

21. *EIR*, May 7, 1999, pp. 10-11. Some corrections of punctuation to conform to original oral version of text as delivered.

real—chiefly physical—measures of income and national productivity. Then, the veterans of the 1930s Depression and World War II more or less readily supported long-term investments in infrastructure development, and in projects such as the Marshall Plan-aided reconstruction of war-torn Europe.

It will be more difficult to mobilize such political support for economic reconstruction today. Times have changed; unfortunately, people have changed, too. Nonetheless, we must not flinch from proving that it is in our most vital, immediate interest, that we must support such programs, once again, now. Therefore, I must help to persuade you to support President Clinton's proposal for a "New Marshall Plan" for all of southeastern Europe.

Since the impact of the "rock-drug-sex counterculture" on much of the university student population of the 1964-1972 period, especially since the economic downturn of the 1971-1982 interval, there has been an increasing ideological, cultural pessimism within the population, akin to that of post-Versailles Europe of the 1920s and 1930s. This recent surge of cultural pessimism has been accompanied by an increasing shift away from emphasis upon the physical side of economic reality, an existentialist's shift to emphasis on money, or neurotic (and, as the Littleton horror shows, even worse) flights into novel forms of pleasure-seeking as such.²² Thus, today, we have the spectacle of people who believe—rightly, or wrongly—that they have now more countable money to spend, but whose total net physical purchasing power as income from actual earnings in their profession or productive work-place, is less than that of persons in comparable occupations at any time during the past thirty years!

More than thirty years ago, the emphasis was on what might be termed "solid economic values." Today, in these shoddy times of "outsourcing," such solid, well-crafted values are less emphasized, replaced by an emphasis upon a sense of the power to enjoy novel kinds of cheap recreational pleasures, the latter echoes of a trend launched with the "rock-drug-sex youth-counterculture" of the 1964-1972 interval.

Much of this downshift in notions of economic value, is correlated functionally with radical changes in the composition of employment, and of demographic characteristics of employment in the U.S. population as a whole. Incomes derived from work of operatives and professionals in agriculture and manufacturing, are a smaller percentile of employment as a whole, replaced by often doubtful varieties of non-professional services and clerical routines. The idea of actually *earning* an income through contributing necessary effort to support the production of tangible wealth, has been replaced

22. See, Lyndon H. LaRouche, Jr., "The Roots of Today's Mass Hysteria," *EIR*, Nov. 6, 1998. The Internet-age cult behind the Littleton horrors, finds its origins in earlier developments such as the cults built up around "Dungeons and Dragons," Tolkien's *The Lord of the Rings*, and the mass-lunacy of the Hollywood *Star Wars* fandom. I will address the specific mass-lunacy among *Star Wars* fans, and the connection to Littleton, in a forthcoming report.

by the sense of income as either derived from forms of gambling (including mutual funds), or from employment in forms in which the relationship to fostering production of needed tangible wealth is obscure, or even non-existent.

Admittedly, if we could say that the recent three decades of trends in U.S. and European public opinion would continue, it would be impossible to persuade a majority of U.S. adults to support the kind of economic reconstruction program which President Clinton's references to a "New Marshall Plan" imply.

Fortunately—and, also somewhat unfortunately, public opinion is now at the verge of a sudden, almost violent change, perhaps a long-overdue change for the better. The "money system" in which a majority of the populations of the U.S.A. and western Europe have come lately to locate their underlying religious belief, is about to be shattered—at least in its present form. Indeed, one of the significant reactions to the recent Balkan War and its side-effects, has already been a significant shift in direction within important, and increasing sectors of public opinion.

The continued influence of the Negro Spiritual illustrates the grip which the best old values may manifest upon the present generations. Most of us, especially those from reasonably stable family and related cultural backgrounds, and from formerly tightly knit communities, experience a twinge of conscience when our own present behavior reminds us of values which had taught us to think and act better than most of the adolescent and adult population has done during the recent two or three decades.

That is not to propose that "old values" are always necessarily better; many so-called "old values" were bad. It is to point out that our ability to compare present values with those of past periods reaches back as far as several or more generations, and for historians such as I have become, centuries, even millennia. The lessons of the U.S. and European recoveries from the Great Depression, World War II, and that war's aftermath, may remind many of us of a time when we, or our forebears knew how to make conditions of life change for the greater benefit and security of the general welfare, a time from which we may borrow valuable lessons for application to what are otherwise the most terrible problems threatening us today. Under Franklin Roosevelt's leadership, we did much better, in net effect, than anything we have done since President Kennedy was shot.

President Kennedy said, "Think what you can do for your country." Then, such a proposal would bring a tear of joy to some citizens' eyes. Today's "me generation" people are of a more selfish, hedonistic inclination; therefore, to persuade this more selfish generation, I am obliged to stress what you must do urgently for yourself. I must emphasize that what you might think you are doing for others, you might actually be doing for yourself.

Think of the original Marshall Plan, for example. The credit advanced to Europe under the Marshall Plan, had the



President John F. Kennedy on May 25, 1961, announcing U.S. determination to land a man on the Moon. "President Kennedy said, 'Think what you can do for your country.' Then, such a proposal would bring a tear of joy to some citizens' eyes. Today's 'me generation' people are of a more selfish, hedonistic inclination; therefore, to persuade this more selfish generation, I am obliged to stress what you must do urgently for yourself. I must emphasize that what you might think you are doing for others, you might actually be doing for yourself."

effect of a powerful stimulant on the growth of U.S. exports. This growth of exports to Europe, served as one of the leading contributing factors in the U.S. economy's revival from its deep 1946-1948, post-war economic recession.

Today, things are different, but also much the same. Once again, the farms and the manufacturing and related industries of the U.S. are in deep economic trouble: "outsourcing" and related policy blunders of successive U.S. administrations have ruined U.S. farmers, and are stripping the U.S. of the ability to manufacture a strategically crucial portion of the goods on which our national economic security depends. The U.S. balance of trade figures reported, already show a foreign-trade catastrophe hitting the U.S. as a nation; the real figures are far worse than anything so far reported.

At this moment, the majority of the population of the U.S.A. is dominated by two bubbles. The first is the tangle of Wall Street and other financial bubbles polluting the world financial system. The second bubble, is what might be fairly described as the "bubble-headedness" of much of our population, including — hopefully, only temporarily — most leading

politicians. When the first bubble pops, the cult of bubble-headedness will collapse, too. Stripped of their financial delusions, most ordinary people, and the relatively saner politicians, will suddenly reacquaint themselves with the real world. "How do we eat, now?!" will become suddenly the most popular watch-word of the day.

Under those latter circumstances, certain recently overlooked, troubling facts will be perceived.

To get out of the deflationary collapse which the popping of financial bubbles will express, we need an export boom, which we can not actually have without stimulating the economies of those parts of the world which are presently our most natural potential customers for high-technological manufactured product, especially machine-tool-grade exports. In that sense and degree, 1999 is like the period of the original Marshall Plan.

If we continue to allow the looting of nations of South America by George Soros and his like, if we go to the brink of war with those nations of Europe and Asia which represent the majority of the population of the human race, and if we allow western continental Europe to slide into the ruin to which current British policy is bringing it, to whom shall the U.S. export?

Strategic partnership with western continental Europe and with the nations of the emerging group of Eurasia nations rallied around the China-Russia-India strategic partnership, is the most vital strategic interest, including the strategic economic interest, of the U.S.A.

As a report issued by my personal Presidential campaign has identified the leading points, the region of southeastern Europe, from Austria and Slovakia, south to Turkey, and east to Ukraine, Russia, and the Caucasus, is a vital natural artery of trade essential to the vitality of the western Europe economy as a whole.²³ Not only must this region become economically and politically stable, but it can not be so without developing commerce around the Rhine-Main-Danube artery from the North Sea to the Black Sea, and without developing a high density of transportation and power conduits, south from the Danube to the Mediterranean and Black Sea. The Balkan region is also the natural gateway to the extensive development of the perennially crisis-wracked Middle East.

This is a time to refresh our memories of relevant experiences from earlier decades.

Twice during this century, the orchestration of Balkan Wars has been the detonator for the spread of world wars in Europe and beyond. For a third time, just now, we have gone to the brink of a new such catastrophe. The most vital economic and other strategic interests of the U.S.A. require a stabilized, and prospectively prosperous Balkan region. Without that stability, the U.S.'s vital partners in Europe and Eurasia are put into jeopardy by the onrushing financial, eco-

23. Lothar Komp, "Reconstruct the Balkans — and the World!" LaRouche's Committee for a New Bretton Woods, May 21, 1999.

nomic, and related storms of today.

The Balkans could not be made stable without a reversal of the presently ongoing economic collapse in Europe. Without a stable Europe and without Europe's and our own partnership with Eurasia, the prospects of the U.S.A. are very poor, or worse than that. Thinking U.S. citizens will recognize a successful form of new Marshall Plan as in the strategic interest of our republic.

As I shall now develop that point below, an appropriate approach to a "New Marshall Plan" for southeastern Europe, emerges at this immediate juncture as the make-or-break turning-point, on which the avoidance of a deep and prolonged world-wide economic depression now depends.

2. An engineer's duty

The U.S.A.'s second, 1812-1815, war of independence against the British monarchy, proved itself later to have been the watershed of the Nineteenth-Century history of extended European civilization as a whole. Out of this 1812-1815 war, two principal currents of the U.S.A.'s own future history flowed. A summary overview of the most crucial features of that period of history, points to the character of the approach which must be applied to the economic reconstruction of Europe today.

The first result of 1812-1815, was the victory of an alliance between the most reactionary forces, the leading enemies of the U.S.A., which operated against us from bases within both Europe and the Americas. This anti-U.S.A. alliance was centered in the several decades-long, temporary alliance of Jeremy Bentham's Foreign Office—i.e., Anglo-Dutch financial-oligarchical power—with Clement Prince Metternich's most unholy Holy Alliance—i.e., the relics of the feudal landowning baronies.

This menacing situation facing both a virtually isolated U.S. republic and also the emerging republics of the Americas to our south—in Mexico and South America, was typified by the Duke of Wellington's success, in preventing hero Lazare Carnot from becoming the President of post-Napoleonic France, and by the same Duke of Wellington's role in orchestrating what was to become a corrupt U.S. President Polk's war with Mexico. The Duke's success in exiling Carnot from France, aided by Wellington's agent Fouché, thus ruined France for more than a half-century to come, beginning with the monstrous French Bourbon Restoration. The ouster of Carnot also outflanked Carnot's and the U.S.A.'s allies among the Prussian reformers, all at the same time.

That was the dark side of 1815-1861, the side of the post-1815 developments which led into Britain's creation of its treasonous puppets, the Confederate States of America, and the Nazi-like Maximilian dictatorship which Britain, Britain's Napoleon III puppet, and the silly but wicked Isabella II of Spain imposed upon Mexico.

There was another side, the opposite side. Two aspects of this other side are crucial.

First, the circles of Lazare Carnot and Gaspard Monge brought the spirit and knowledge of Carnot's pre-Restoration France into the then still-young U.S.A. This imported knowledge was used by U.S. patriots such as James Monroe and John Quincy Adams to build up the West Point Military Academy, under Commandant Sylvanus Thayer, as a military engineering school in the image of Carnot and France's Mongelled Ecole Polytechnique.

Second, although the 1815-1819 triumph of Metternich's reaction, combined with the Anglophile corruption of the Prussian royal court, worked against the U.S.A.'s interests, the core of the surviving Prussian reformers, typified by the Humboldt brothers, maintained the German Classical cultural movements' traditional affection for the cause of the young U.S. republic. The relationship which developed between Benjamin Franklin's great-grandson, Thayer West Point graduate Alexander Dallas Bache, and Alexander von Humboldt, was crucial for laying the foundations of that future, 1861-1876 economic revolution, out of which the U.S.A. emerged as the world's most powerful national economy, and the most advanced, by far, technologically.

During the interval 1815-1863, the British monarchy, as guided by its Foreign Office's Jeremy Bentham and Lord Palmerston, had seen itself, as Foreign Minister Canning had proposed, positioned to beat out its temporary ally, the Holy Alliance's Prince Metternich, and to destroy the U.S.A. as an intellectual force in history.

Then, a President Jackson controlled by Wall Street's Martin van Buren, and the awful role of British dupes such as Presidents Polk, Pierce, and Buchanan, seemed to justify Lord Palmerston's and treasonous Wall Street banker August Belmont's dream of breaking up the U.S.A., by aid of the Confederacy, into several quarrelling baronies of a "balkanized" North America.

By mid-1863, with the failure of General Lee's foolish, desperate drive into Pennsylvania, and the British-intelligence orchestrated, racist New York draft riots, Palmerston's dream had been virtually defeated. Worse for Queen Victoria's monarchy, the U.S.A. emerged from its continuing 1861-1876 agro-industrial mobilization as the most technologically advanced and most powerful nation-state economy of the world. This latter U.S. achievement was substantially imitated, from 1876 on, in Germany, Russia, Japan, and elsewhere. The U.S. model of agro-industrial sovereign nation-state economy threatened to take over the world, by imitation, and nearly did so, but for the effects of London's orchestration of what became World War I.

That conflict between the British monarchy and the Lincoln legacy has remained the central, defining issue of world politics and economics since 1861-1876. Thus, the developments of 1812-1815 became the watershed of modern world history.



Gen. Douglas MacArthur (foreground), in October 1944. Under the West Point tradition, “professional officers and their units were not merely combat forces, but engineering units, whose ability to build an economy was as exceptional as their ability, like that of our greatest World War II military commander, General Douglas MacArthur, to defeat an enemy force.”

After 1876, the West Point tradition persisted, despite the pro-British Wall Street faction’s attempts to crush the West Point tradition of Thayer et al. out of existence, and despite the corrupting influence associated with Presidents Theodore Roosevelt, Woodrow Wilson, Calvin Coolidge, and the pollution of our military ranks with Rhodes scholars and their home-grown like.

The West Point, and matching traditions of an Annapolis established under the influence of Benjamin Franklin’s great-grandson, Alexander Dallas Bache, served the U.S. very well during two World Wars, and the immediate decades of post-war reconstruction. A study of the way in which the U.S. Corps of Engineers and its achievements served both our peace-time economy, and our war-time requirements, is crucial for pin-pointing the approach which must now be taken, at U.S. initiative, for the economic reconstruction of southeastern Europe.

Typical of the impact of that West Point tradition, is the personal report of a since-deceased friend, a regular army officer who, as a Colonel, had led the advance of General George Patton’s Third Army toward Austria—as the Colonel put it, “With Patton’s Third Army coming down on my heels.” He detailed the actions of his units in establishing functioning self-government of the economic and related affairs of the localities taken over by advance Third Army elements. Under that West Point tradition, also the republican tradition of Lazare Carnot and the general staff and *Auftragstaktik* tradition

established by Germany’s Scharnhorst, professional officers and their units were not merely combat forces, but engineering units, whose ability to build an economy was as exceptional as their ability, like that of our greatest World War II military commander, General Douglas MacArthur, to defeat an enemy force.²⁴

That often-repeated lesson of the West Point tradition of engineering officers, is absolutely indispensable for a successful reconstruction in southeastern Europe today. Any other approach would fail, miserably. It is as necessary, in such situations, to smash through bureaucratic obstacles—to get the job done—as might have fit the late General George Patton’s disposition. What is needed, is a centralized command of a quickly mobilized and deployed, peacetime military crash-program type of engineering effort. Otherwise, the Balkan region will rot in a spiral of death and decay lasting as long as decades, or even longer.

The cutting edge of the reconstruction, which must be assembled and deployed immediately, will be a military engineering spearhead.

A military engineering force must be deployed to clear up to as many as a million land-mines in the Kosovo region, and elsewhere. Means required: coordinated military teams drawn from several participating nations, teams aided by sharing technologies for this purpose.

The Danube River must be cleared immediately for not only normal but expanded barge traffic, and other relevant rivers, too. Ball-park cost of an immediate emergency rough-cleaning of the transport waterways: \$1 billions equivalent.

Rail and truck connections must be restored and improved immediately, otherwise the entire peace-building effort will turn quickly into a catastrophe, that within months.

24. A collaborator, Andreas Ranke, has pointed out, that the first thing to notice in the common features of the contemporary military reformers Lazare Carnot and Scharnhorst, was that they were typical of the moral superiority of plebeian officers from the engineering and artillery, over most of those from the landed aristocracy which commanded the other military arms. (Notable, is the role played by Germany’s Moses Mendelssohn in shaping the institution which produced Scharnhorst. Anti-Semites must wish to denounce the creation of the German general staff system as a “Jewish conspiracy.”) West Point as reformed under the influence of Monroe and John Quincy Adams, the West Point of republicans such as Grant and Sherman, typifies the quality of the military professional which separates a Scharnhorst and Carnot from the cabinet-warfare inclinations exhibited in the U.S.A.’s disastrous Indo-China war of 1964-1975.



The Main-Danube Canal in Germany, with one of the locks shown in the background. A priority for Balkan reconstruction is that the Danube River be cleared immediately of debris from the war in Yugoslavia, for not only normal but expanded barge traffic. The Balkans cannot become economically and politically stable “without developing commerce around the Rhine-Main-Danube artery from the North Sea to the Black Sea, and without developing a high density of transportation and power conduits, south from the Danube to the Mediterranean and Black Sea.”

Adequate power generation and distribution must be restored immediately, otherwise the winter will be a panic-stricken carnage of death and epidemic disease.

Hospitals and related facilities must be established immediately. The nature of the wounds suffered by military and civilian victims alike, including children, requires a restoration of the kind of rehabilitation programs the U.S. Veterans Administration used to muster, and which are being curtailed, for budgetary reasons, in Germany and other nations today.

These and other elements of basic economic infrastructure must be provided immediately. The strategy for doing this, is a crash program. The means for injecting that program, is a military engineering command functioning as the U.S. Corps of Engineers used to function under war-time-like conditions of emergency—as my late friend, the veteran of the Third Army advance, would have understood the mission.

We have at hand, the prospect of a multi-national military engineering team, as the spearhead of the reconstruction efforts. The military side of the joint effort must emphasize responsibility for the immediately needed infrastructural measures. The form of the mission is, to secure and restore essential functioning of government and economy in the assigned areas. The assigned officers must apply the Scharnhorst-Moltke principle of *Auftragstaktik*—also Carnot’s method, to get the job done. The Carnot mobilization of 1792-1794, is the relevant French model to be considered.

The reconstruction, thus, has three principal elements in general.

1. A multi-national military-engineering authority, which must have authority and responsibility for the emergency basic economic infrastructure mission, and will serve, for the initial period of operations, as the agency primarily assigned for liaison with authorized private economic initiatives of reconstruction.
2. A special financial facility, operating with independence from presently existing monetary and related institutions, and modelled upon the success of the KfW, for coordinating the funding of both the public and private enterprises of economic reconstruction. Otherwise, very little of what need be done would ever be accomplished.

3. A Private Contractors Authority, assembled in memory of former U.S. Secretary of Commerce Ron Brown, which mobilizes public and private vendors of materials and engineering services for support of the infrastructure-building effort, and on behalf of fostering development of private enterprises relevant to the mission of economic reconstruction.

The functioning of such three cooperating agencies will inevitably vary among the nations directly participating in such a program for southeastern Europe. For example, special cooperating agencies would be needed for relations between the Yugoslavia teams and those of adjoining nations such as Austria, Slovakia, Slovenia, Croatia, Bosnia, Hungary, Romania, Bulgaria, Macedonia, Turkey, Greece, and Albania. The European Union might provide assistance to this effect.

The principal physical difficulty of such an undertaking will be, that none of the military or private facilities available to be deployed in this mission, has, today, better than a small fraction of the military and industrial engineering-type capabilities the same nations had as recently as ten years earlier. The level of competence is less than that available ten years earlier, and the quantity of the relevant types of capabilities is only a small fraction of that which existed ten years earlier. The general level of literacy of military and civilian personnel, has fallen significantly below even the levels which pre-

vailed ten years earlier. Much emphasis on forced-draft “on the job training” of military and other personnel will be indispensable. The accompanying feature and purpose of the program must be to foster the reawakening of the interdependent factors of morale and morals within the military forces deployed.

Nonetheless, there are some impressive technologies and skills currently lying fallow. Ukraine, for example, could contribute from its store of such potential additions to the reconstruction repertoire. Italy’s engineering design for the construction of a bridge across Messina strait, is an example of a relevant technology and skills applicable to the problems posed in the Balkans.

This brings us to the most critical of the political issues: How shall it be financed?

3. The Carnot principle

The effort will fail unless we exclude the use of what have become conventional financial accounting practices from the designing of the program of reconstruction itself. This means the exclusion of the present leadership of the IMF and World Bank from control over the program. This brings us to the most technically sophisticated feature of this report, but a feature which must be understood if the reconstruction is not to degenerate rapidly into a far worse failure than the Dayton accords have suffered so far.

The essential function of good accounting, is to detect theft and looming potentials for financial bankruptcy, especially the kind of theft on a grand scale, by which today’s criminally inclined, liberal financial carpetbaggers of the U.S.A. and Europe have employed a criminal “mafia,” to loot post-1989 Russia, and other eastern European states. This crime has been committed in the name of a form of theft called, euphemistically, “liberal reforms.” Therefore, the accounting firms, if they are honest and competent, will not have to beg for their proper work as auditors of financial institutions and of the pilfering by the “liberal” carpetbagging mafia.²⁵ Under the City of London’s direction, the bankers of much of the world, even formerly austere scrupulous bankers, have been turned into thieves, as the only way in which they can maintain their positions as bankers under the present, London-dominated IMF system. Honest accountants will be busily occupied with such matters.

Merely conventional accounting and related auditing practice, has no comprehension of the kind of real economics

25. It is relevant, that the Vice-President Al Gore who acted as partner of Russia’s Viktor Chernomyrdin in the Golden ADA mafia-scheme, has recently been a principal in other swindles, including the LTCM-related scandals, and Gore’s lunatic proposal to denounce as “corruption,” any resistance to the actual corruption practiced by the hedge funds and their mafia accomplices.

needed to get the world out of the economic depression, unleashed by the presently accelerating world financial catastrophe. The delimitation of the competence of financial accounting, on this account, is that financial accounting is currently based on a set of virtually “flat Earth” assumptions (definitions, axioms, and postulates) which are intrinsically linear forms of deductive relations. Thus, what passes customarily for good accounting principles, is worse than useless for defining, or judging how real economic processes, including the generation of real (e.g., physical) economic growth works. Such incompetence intrinsic to present-day financial accounting, is reflected in the scandalous misuse of the funds intended for the proposed reconstruction of Bosnia, in particular.

In economic policy, financial accounting must be reduced to the rank of servant and hod-carrier for real economics. I mean real economics as typified by both the policies outlined by U.S. Treasury Secretary Alexander Hamilton, and scientific principles of economic growth introduced to practice, during 1792-1794, by France’s Lazare Carnot.

Admittedly, some financial accountants develop useful insights into features of industrial and other economics matters as such, but, as in the related case of exceptionally insightful persons among the common run of contemporary academic economists, this reflects their individual, personal cognitive qualities of insight of persons able to rise above the limits of current academic doctrine. The generally accepted, deductive principles of current accounting practice as such, are axiomatically incompetent in the matter of defining and assessing net economic growth. Any design of a Balkans reconstruction plan based upon such accounting principles would be a mass-murderous tragedy in effect. In the field of economics, science and engineering must compose the tunes to which the financial accountants march.

Today’s financial accounting practice and good economics practice are founded upon mutually exclusive, often directly contrary principles. It is possible for some individuals to become skilled in both, but, otherwise, speaking of the analytical functions applicable to analysis in the two respective professions, the two fields have nothing substantially in common.

To understand how a successful economic reconstruction of southeastern Europe might be devised, the absolute difference between responsible auditing and economics must be clearly emphasized, as I summarize that distinction at this point.

For the competent economist, and for the physical scientists generally, the world of accounting is, as I have already forewarned you, a domain of virtual reality, a “flat Earth” world, in which the relations among economically significant magnitudes are reduced to systemic misrepresentation, and thus assumed, falsely, to be simple, linear, deductive relations among magnitudes measured in prices. Monetarism, such as that of Friedrich von Hayek, Milton Friedman, or John von Neumann, is the outgrowth of carrying that specific kind of

“flat Earth” mentality to fanatical, radical-positivist extremes. Except for bare distinctions between the simple notions, the mere empty Aristotelian copula, of plus and minus,²⁶ accounting has no notion of the actual physical functions (transformations) by means of which the shrinking or growth of a real economy is actually determined.

For example, the notion that reducing costs (e.g., “cost-saving,” cutting budgets) will directly and simply cause an economic process to grow more successfully, is typical of the kinds of delusions upon which former Speaker of the House Newton Gingrich’s “Contract with America” folly was propagated; precisely the opposite effect, directly contrary to that projected by Gingrich et al., has already occurred, as similar logic has been a principal contributing cause for the presently accelerated budgetary crisis in Germany, and the collapse of that recently established Euro system, set into operation at the beginning of this present year.

For example, in earlier times, one of the more frequent causes of bankruptcy, or near-bankruptcy of formerly well-established companies, was the cutting of capital-intensive advances in technology, as a means of increasing disbursements to Wall Street interests or company stockholders who had grown soft-headed and greedy in younger generations. The various expressions of obsolescence which resulted from looking at corporate budgets in principally simple budgetary terms, sometimes pushed a firm over the edge, beyond which it could never reverse the damage it suffered as a result of such medium- to long-term policy blunders.

For example, the present, lunatic fad of computer-based “benchmarking,” as a cost-saving substitute for engineering testing of design principles, has plunged numerous formerly outstanding corporations to the brink of irreversible degeneration. The “flat Earth” side of the financial accounting mentality, is a leading contributing factor, if not the only element of incompetence underlying such disastrous trends in performance.

Never impose upon the financial-accounting profession, the responsibility of stating how real economic growth is generated. One might begin, instead, by reading U.S. Treasury Secretary Alexander Hamilton’s December 1791 Report to the U.S. Congress *On The Subject of Manufactures*. Or one might study the way in which an American, Benjamin Franklin, not only personally directed the original industrial revolution to occur in England, but took his protégé, Scotland’s Watt, to France, to learn from the circles of Lavoisier, how to design a steam engine based on the principles of steam-engine

26. Or, more exactly, the wildly positivist linear system of Bertrand Russell’s contributions to the *Principia Mathematica*, which was Russell’s outburst of hatred against Carl Gauss and the *Disquisitiones arithmeticae*. Russell acolyte John von Neumann’s lunatic notion of economy as a zero-sum game, and the Black-Scholes’ formula adduced from von Neumann’s lunacy, pinpoint the incompetencies spilling over from excessive reliance upon today’s methods of financial accounting.

design earlier developed by Gottfried Leibniz and Papin.

With this sort of difference between accounting and economics under consideration, now focus upon the problem of generating the self-expanding pyramid of credit needed for even the bare minimum of immediately required economic reconstruction in southeastern Europe. The problem is, since Europe (and also the U.S. economy) are now virtually bankrupt, how could Europe and the U.S. combined fund the needed reconstruction of the Balkan region? How can we generate the growth in real wealth, which would enable us to sustain the funding of even the minimal level of necessary reconstruction? Accounting will never give the answer. Economics, instead of accounting, is required.

Politicians and other laymen will wish to learn: Since wealth is not created in the ways in which financial accountants describe such growth, how is real wealth actually produced, with or without the presence of accountants? The founders of the Massachusetts Bay Colony and others understood those principles, in an elementary but accurate way, during the Seventeenth Century.

Lessons from history

When the Spaniards arrived in Central America, the area of today’s Mexico supported not more than about two millions individuals. The vaster area of Canada and the U.S.A. today, sustained a population of much lower population-density than did the Mexico founded by the Spaniards. Today, the population of Mexico is about fifty times the number existing when Cortés landed. The area of the United States, which could not support more than a few millions persons before the colonists landed, could now support three to four hundred millions in prosperity, indefinitely, if nothing more than existing science and technology were intelligently applied to this purpose, as it has not been during the most recent decades.

This has involved an American principle which was already understood by English colonists such as the leaders of the Massachusetts Bay Colony.²⁷ Here was a vast, economically infertile wilderness, a virtual wasteland, as measured in terms of the potential relative population densities of the existing cultures encountered by the English colonists. The first economic task of the settlers was to tame the wilderness, to develop the agricultural and other basic economic infrastructure needed to provide both the settlers and pre-existing populations a standard of living and culture soon superior to that enjoyed by those who remained behind, in England.

Thus, largely through the methods described by Hamilton’s *Report on the Subject of Manufactures*, by the time of the first U.S. decennial census, the per-capita income and economic output of the U.S.A. was twice that of Britain. Much of the reason for this economic success, was the fact that the literacy, and, therefore, the productivity of the U.S. citizen,

27. Some wags might say, the leaders of the Massachusetts Bay Colony had the good fortune not to have graduated from St. Albans.

was more than twice that of the Englishman. This achievement reflects the fact that the first government of the U.S. Federal Republic had inherited national bankruptcy, but rose, through the methods described by Secretary Hamilton's reports, to be envied abroad, by the turn of the century.

It is the type of economics thinking which Hamilton's report typifies, which must be chosen, instead of conventional financial-accounting methods popular with today's miseducated, monetarist, and other financial-accounting-oriented professionals. It is the methods of Leibniz, Franklin, Hamilton, the Careys, and List, as enriched by the revolution in Leibnizian principles of machine-tool design introduced by Carnot, which are the foundation of all of the successes of the American agro-industrial model defined by the U.S. developments of 1861-1876, the American model upon which the successes of the economies of Japan, Germany, and many other nations have depended crucially.

Admittedly, there were political setbacks. Nations which had adopted this American System model sometimes abandoned it, much to their sorrow later.

Thus, it must be acknowledged, that the economic policy of the U.S. itself, under Albert Gallatin's President Jefferson and Madison, who had abandoned the economic policies of Franklin and Hamilton, led to a national economic disaster. The same kinds of ruinous effects, but far worse, the 1837 Panic, were the result of the policies under President van Buren and his protégé and predecessor Andrew Jackson. Such was the U.S. under Polk, and far worse under the treasonous Pierce and Buchanan.

Nonetheless, when the U.S. returned to the American System, during 1861-1876, we returned, more or less effectively, to the economic policies of what Hamilton had termed "the American System of political-economy."

That recurring story of ups and downs, does not end there. Anglophile New York bankers such as Morgan and the treasonous August Belmont were not pleased with the success of the 1861-1876 transformation into the world's leading national economy. Those bankers, in concert with our nation's London adversaries, rammed measures such as the Specie Resumption Act through, driving our national economy to the brink of ruin. The assassination of President William McKinley brought pro-Confederacy ideologues such as Presidents Theodore Roosevelt and Woodrow Wilson to power.

But, the American methods which Teddy Roosevelt and Wilson hated, and attempted to uproot, were forced upon Confederacy and Ku Klux Klan buff Wilson, employed to the degree needed to support Britain's cause in World War I. The same American System methods seen in the form of the 1861-1876 industrialization of America, were employed to foster the recovery of the U.S. from the Depression, and to enable the U.S. to perform what envious other nations viewed as economic miracles during the period of World War II.

Today, the ration of persons in the world who understand the secrets of the periods of former U.S. economic leadership, is shrunken far smaller than at any time during this century. Nonetheless, the principles still work; under present circumstances, they are the only guides to economic policy which will actually succeed.

In reviewing the span of the history of modern national economy, a certain pattern has prevailed until now. Notably, it was only under conditions of wars and other revolutionary changes in circumstances, under conditions of urgent need for an exceptional economic mass mobilization, that those always successful American System methods of Leibniz, Franklin, Hamilton, the Careys, and Friedrich List were used. We should never have abandoned those methods; suffering Americans, and many others, are suffering increasingly today, because we went back to the old ruinous British "free trade" methods, instead of the American System. We shall not come out of the present crisis, without returning to the "economic mobilization" methods which served us so well during the grave crises of the past.

That said, turn now to the way in which those same American System methods — incorporating the Carnot principle, as used so successfully by Germany's post-war KfW and related institutions, provide a unique solution for the problems posed by the urgency of a general post-war economic reconstruction of southeastern Europe.

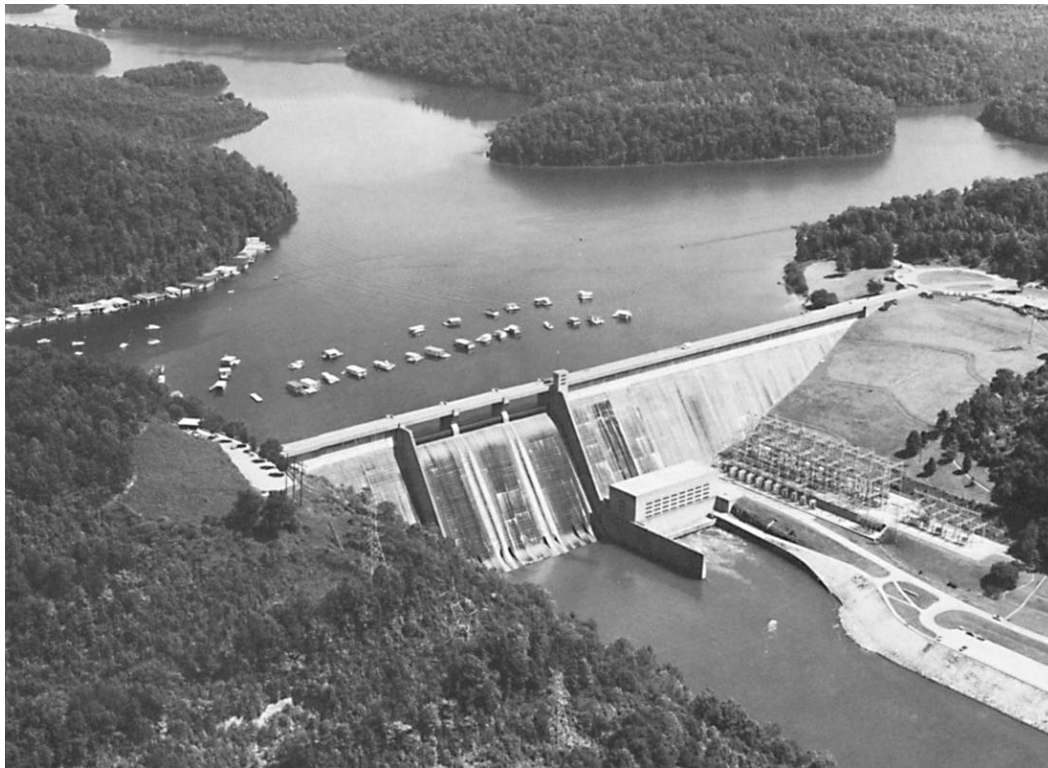
Physical economy as science

I shall now describe the general method by which "economic miracles" such as those of Germany's Marshall Plan-aided post-war reconstruction were accomplished. I focus on the way in which a self-expanded volume of secured investments, brought about the growth of stable credit needed to bring that so-called "German economic miracle" about, in contrast to the relatively much poorer performance of Britain and France during that same period.

After outlining the method of financing to be used, I shall summarily define the physical principle upon which the success of this method depends.

The method of economic expansion used, is not dependent primarily on borrowing from some "primeval hoard" of miser's money on deposit. The method of the American System of political-economy, places the primary emphasis on the issue of state-guaranteed, and kindred forms of bank credit, as the basis of fostering investments in which the resulting rate of growth of secured assets is far greater than the credit originally advanced.

Thus, as the economy expands under such credit-stimulus, the volume of new credit which can be created increases, without causing the kind of inflationary effects which inheres in monetarists' reliance on a simple financial-accounting "multiplier effect." The expansion of credit and investment does not risk the inflationary devaluation of the total volume of secured assets, which must occur under a simple financial



The Clinch River Dam, one of the first projects begun after legislation approving the Tennessee Valley Authority (TVA), was signed in the 1930s. The role of the TVA, “in making possible the scale of the mobilization for war later, illustrates the means by which successful economic mobilizations succeed.”

expansion under conditions of “free trade” rules.

This was the same method at the core of the means used by Franklin Roosevelt’s U.S.A. to produce what seemed to many at that time as “a miracle” of war-production for World War II.²⁸ It is the kind of method to which capable modern governments turn for successful war mobilizations.

The role of the U.S. Tennessee Valley Authority (TVA), launched during the 1930s, in making possible the scale of the mobilization for war later, illustrates the means by which successful economic mobilizations succeed. It is the same general approach proposed by German economist Dr. Wilhelm Lautenbach, in a secret report adopted in 1931 by Germany’s Friedrich List Society, the report whose policy could have prevented Hitler from being brought to power. It is broadly the same method at the core of the success of the KfW in fostering the so-called “German economic miracle” of Chancellors Adenauer’s and Erhard’s Germany.

Let us take as illustration, the way in which a group of nations, chiefly the U.S.A. and continental Europe, should

28. Roosevelt saw himself as compelled to cooperate with his deadly adversaries of the Wall Street crowd, in arranging the financing of war production and warfare itself. Had he lived, he would almost certainly have handled the resulting U.S. war debt, politically, in a much happier way than occurred during the immediate post-war years. He would not have objected, nor could I, to the manner in which the U.S. deployed the Marshall Plan for the reconstruction in western Europe, in particular.

approach the financing of an economic mobilization for the reconstruction of the area of southeastern Europe. I shall outline some of the highlights of this approach, and then, as I have promised, explain those scientific principles which might be called the “secret” of the success of such methods.

Let each of the participating nations pledge a line of credit made available to the kind of master financing facility, modelled on the success of the KfW, which I have indicated above. The U.S. Export-Import Bank was a facility designed to perform this kind of function for the U.S. economy. This is not a pledge of money, but rather, a credit which can be used to purchase relevant goods from the national economy which has provided a line of credit for this purpose.

This line of credit has two primary financial-economic impacts. It provides the delivery of goods from the national economy extending the line of credit. As the U.S. Marshall Plan experience illustrates the point, it also serves as a stimulus of real economic growth in the nation which provides that line of credit. A large program of this type is a leading source of increased productive employment in the economy which extends the line of credit.

The credits extended by the vendor nations are of two principled types: grants in aid, and loans. Under the conditions of the U.S. during the 1930s, or a revival of the regulated exchange-rate system of the pre-1958 Bretton Woods agreements, the latter type of lines of credit, when used to



Artist's representation of China's Three Gorges Dam project. "Large-scale construction programs in infrastructure are the most natural, rapid stimulant of levels of employment and of all other economic activity, in the region where such infrastructural developments are operating. The impact of the U.S.A. TVA, and a comparison of the TVA with China's ongoing Three Gorges Dam project, is a suitable illustration."

build up assets in the Balkan-region nations, are convertible into long-term bonds at nominal interest-rates (1%-2%), and built-in grace periods, earmarked to the assets built up in the recipient nation. These obligations are either secured by sovereign guarantees, or private securities. Twenty-year maturities—more or less—for such bonds would be typical. This will work as a sound economic and financial arrangement, only under the condition that fixed exchange-rates, like those operating during the pre-1958 period of the Bretton Woods agreements, are in operation for the life-span of the bonds and other securities issued as part of the reconstruction process.

The operation begins with heavy emphasis upon developing essential basic economic infrastructure in the nations of southeastern Europe. This has two immediate functions. First, the development of functioning basic economic infrastructure, as typified by public works and utilities, is the precondition for viable agriculture and industry. Second, large-scale construction programs in infrastructure are the most natural, rapid stimulant of levels of employment and of all other economic activity, in the region where such infrastructural developments are operating. The impact of the U.S.A. TVA, and a comparison of the TVA with China's ongoing Three Gorges Dam project, is a suitable illustration.

Mass transportation (especially water-borne and railway networks), water management, power production and distribution, typify, but do not delimit the leading elements of

mass development of basic economic infrastructure. These programs of reconstruction can usually be successful only in the public sector. If this is limited to private sector ventures, the entire reconstruction effort would be a catastrophic failure.

These and comparable crash-program developments of basic economic infrastructure, perform three leading functions.

1. Without such infrastructure's development, the development and functioning of the private sector will be largely a failure, especially so when we recognize the rates of economic growth which southeastern Europe must experience to overcome the more than \$1 trillions of economic deficit, left in the wake of the recent Balkan wars. The provision of cheap and reliable efficient transportation, adequate power, water management, and sanitation, to the entirety of the land-area of a nation, is the absolute precondition for successful economic growth of the private sector as a whole.
2. Large-scale infrastructure programs of this type provide an immediate, direct boost to the economy as a whole, providing the conditions and economic-growth stimulant required for emergence and growth of private ventures.

Of course, as the painful experience of such programs in the new federal states of Germany ought to remind us, without a concomitant fostering of large-scale agricultural and industrial development, especially in the relatively higher technology, closely-held middle-sized ventures, such as the machine-tool sector, the growth potential contributed by infrastructure programs may “rot on the vine.”

A note of caution, here. It is necessary to set priorities, which ensure that the economy emerging from the reconstruction program has the structure of the composition (infrastructure, agriculture, general manufacturing, machine-tool) which characterized the most successful national economies coming out of the 1950s period of post-war reconstruction in western continental Europe and Japan. What is to be avoided, is the disastrous effects which the so-called “structural reforms” of the 1964-1998 interval have introduced into continental Europe, as this trend began in Prime Minister Harold Wilson’s United Kingdom.

3. Among the leading factors of stimulus, which infrastructure programs provide to growth of the private sector are two: employment of the labor-force in the infrastructure programs, and the role of private vendors in the construction and maintenance phases of the infrastructure program.

As the cases of Croatia and Bosnia should remind us, among the leading special considerations to be faced in reconstruction of the economy of a war-torn area, is the rebuilding of housing and small shops. The same lesson is to be observed from the experience of reconstruction in post-war Germany. Assistance to households for the rebuilding of their own homes, is usually the most efficient administrative approach to the most pressing social problems of the economy during the immediate post-war period.

The extension of reconstruction credits for loans to private enterprises, is best handled through coordination with the financial agency responsible for the reconstruction program, but in coordination with a facility of the sort which former U.S. Commerce Secretary Brown was working to assemble for Bosnia at the time of his death.

The general program of reconstruction which ought to govern the immediate, emergency economic restoration of southeastern Europe, can be viewed broadly as emphasizing three interrelated economic missions.

First, the rapid establishment of the basic economic infrastructure required as the foundation of a viable economy in and among each of the nations involved.

Second, the development of private enterprises essential to the day-to-day life of the economy of each nation.

Third, private economic development aimed to provide each and all of the nations of the region a rational basis for earning international revenues, at a level needed to enable these economies to sustain themselves. Focus on this third

mission for a moment. I shall return to this important sub-topic below.

Just as I did in my Berlin Columbus Day address of 1988,²⁹ as my associates and I did in our 1989-1990 development of guidelines for a European Productive Triangle Program,³⁰ and, as we have done, beginning 1992, in defining the objectives of the Eurasian Land-Bridge policy,³¹ and as Friedrich List defined the policy upon which both the development of the U.S. transcontinental railway and the original Eurasia Land-Bridge proposals were based,³² the proper design of the development of any very large land-area must be based on certain geographical principles. In modern history of the past two centuries, the center of these geographical principles is transportation routes, chiefly for water-borne commerce and trunk railways, still the cheapest and most efficient modes for movement of produced goods.

Just as my associates and I have detailed this within our prescriptions of design for both the Productive Triangle and the Eurasia Land-Bridge, and as the 1861-1876 Lincoln reforms defined the development of the U.S. transcontinental railway system, begin with the natural routes for trunk-lines of trade.

These lines often turn out to have a history going back to medieval, or even more ancient times, as the Silk Roads did. Do not think of this as merely passage-ways for transportation; think of them as development corridors, just as the U.S.A.’s Lincoln reform of 1861-1876 defined the relationship between transcontinental railways, and economic development of the land-areas through which the railways passed. Think of these as *strategic development routes*.

Today, such a strategic development route features a modern high-speed, high-capacity railway spine: the cheapest method of rapid transport of manufactured goods, and the fastest economical route for movement of perishable refriger-

29. Lyndon H. LaRouche, Jr., Presidential candidate’s broadcast, “The Winter of Our Discontent,” Oct. 31, 1988, which included the candidate’s press conference at the Berlin Kempinski-Bristol Hotel. The full transcript appeared in *EIR*, Oct. 21, 1988.

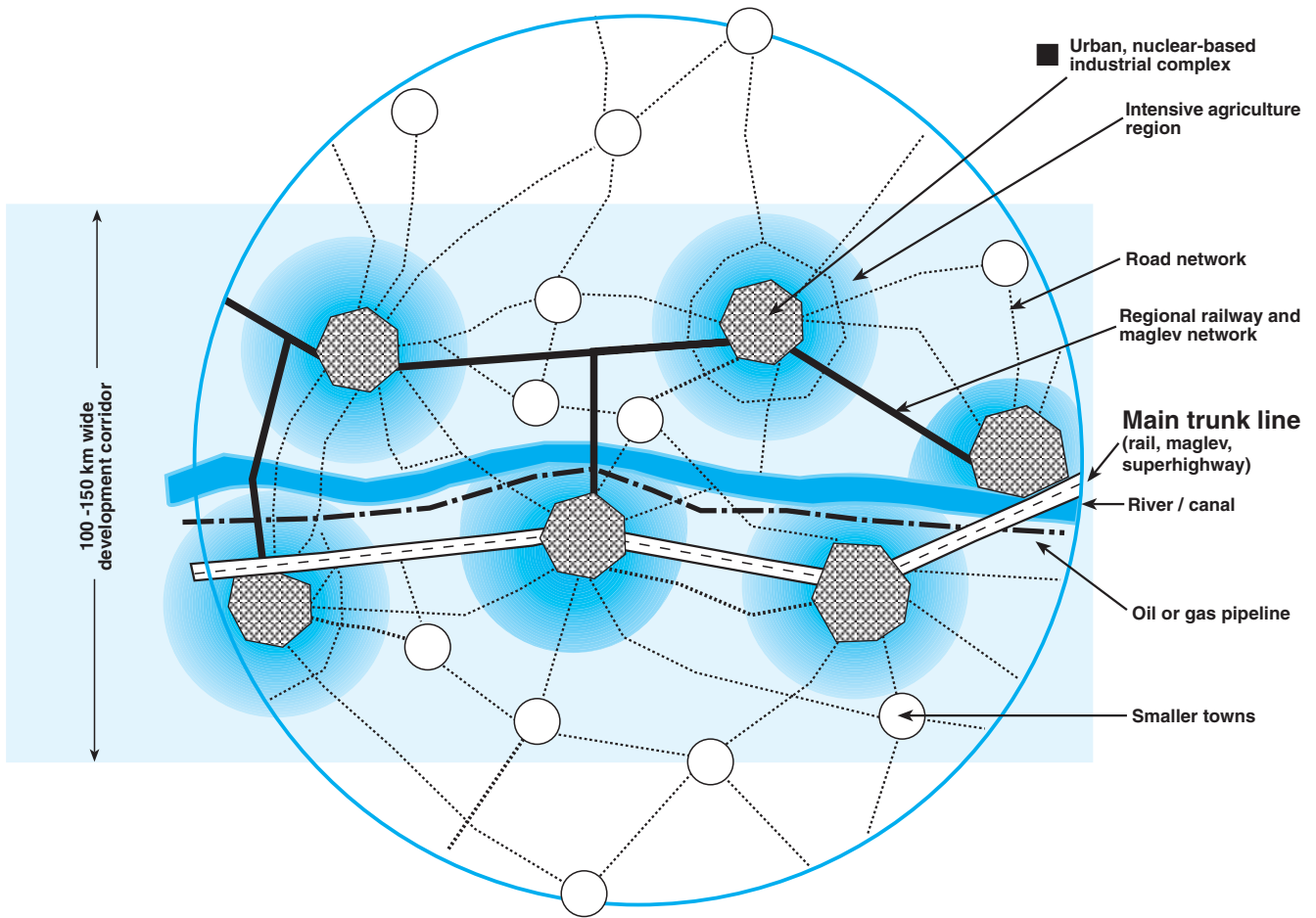
30. Dec. 10, 1990, LaRouche issues memorandum on “Economic Development for Eastern Europe,” later published as part of an *EIR* White Paper, “The Crucial Role of Lyndon LaRouche in the Current Strategic Situation,” April 1993; Jonathan Tennenbaum et al., *Das ‘produktive Dreieck’ Paris-Berlin-Wien: Ein europäisches Wirtschaftswunder als Motor für die Weltwirtschaft* (Wiesbaden: EIR Nachrichtenagentur GmbH, August 1990); “The Economic Geography of Europe’s ‘Productive Triangle,’” *EIR*, Aug. 3, 1990; *EIR*, “High-Speed Railroads Will Transform Europe’s Economy,” Aug. 31, 1990, p. 22; “High-Speed Rails Planned in France, Germany, Italy,” *EIR*, Sept. 14, 1990.

31. Jonathan Tennenbaum, “Beijing Promotes Grand Design for Eurasian Progress,” Helga Zepp-LaRouche, “Building the Silk Road Land-Bridge,” *EIR*, June 14, 1996; Jonathan Tennenbaum et al., *The Eurasian Land-Bridge: The ‘New Silk Road’—Locomotive for Worldwide Economic Development* (Washington, D.C.: EIR News Service, Inc., January 1997).

32. Friedrich List, *Outlines of American Political Economy* (Wiesbaden: Dr. Böttiger Verlags-GmbH, 1996).

FIGURE 2

Graphic representation of a 'development corridor'



ated and other agricultural goods.³³ Attached to the lengths of that spine, are subordinated railway and automobile routes, and also trunk-lines for large-volume water and power development and transmission.

Think of these routes as not merely conveyer-belts of people, goods, water, and power, but as like production-lines: a zone of efficient, high-density production of agricultural, mining, and manufactured goods, running the length of the trunk-line and with a width of up to approximately a hundred kilometers. [Figure 2.]

33. Magnetic levitation systems of mass transport are not merely an upgrading from friction-rail systems. Although the speeds achievable do relieve the presently excessive reliance on passenger air transport for medium-distance travel, the revolutionary impact of magnetic levitation shows itself in the transport and classification of freight shipments. Of course, on the horizon, there is the prospect of magnetic-levitation transport within long evacuated tunnels, and well above ordinary supersonic speeds. We would rely on the latter for sub-surface transport among centers in a science-city form of astro-

Within this zone, there are nodes, such as cities and towns, areas of intensive agricultural and industrial production. Think of this trunk-line zone not in terms of the cost of moving transported goods, but, rather, in terms of the net social (physical) profit generated along each hundred kilometers' length of the movement of productive activity, along the route of that trunk line.

These trunk lines are the proper location for most of the agricultural and industrial output of the nations through whose territories they pass. We should have brought together here, in these zones, the most efficiently provided basic economic infrastructure required for high-density, diversified production. The effective economic development of adjoining areas, outside the width of these trunk-line zones, is fostered by the functional relationship between those wider areas

physical research and development, and production colonies on the Moon or Mars, for example.

and the trunk-line zone.

This plan for development of the Balkans was included in the first Productive Triangle plan designed by my associates and me.³⁴ This is what I have endorsed as an outline of the policy for the immediate economic reconstruction of southeastern Europe.

Unlike the time when accountants favored alleged economies achieved by use of super-sized thermonuclear warheads, this approach gives us the “biggest and best economic bang for the buck.” It is the only really efficient economic approach.

Now, look briefly at the way in which this approach benefits the other nations of Europe, especially from Brest in France to Ukraine, Russian Siberia, the Trans-Caucasus—and beyond.

Since the time of Charlemagne, the civilized minds of all Europe have aimed at criss-crossing Europe with a well-connected network of improved riverways and barge-canal links, to provide efficient barge-transport waterways linking Europe from France and the old Hanseatic seaports and their riparian tributaries, and, by way of the Danube, to the Black Sea. Ironically, the main spine of the barge-system, the Rhine-Main-Danube route from the Netherlands ports to the Black Sea, was not completed until about the same time as the break-up of the Soviet Union. Since about 1992, that link has been effectively jammed up by the recent Balkan wars. *What a terrible, disgusting waste of economic opportunity we have tolerated, all too long!*

By combining modern rail trunk-line systems with improved waterways, the long-locked-up economic potential of southeastern Europe can be suddenly freed to work. The formula is rather simple.

First, remember that efficient transport through an area under economic development is not a net cost, but a source of net physical profit in and of itself. Think, as I have said, of transport trunks as the main conveyer-belts of a productive enterprise. Real profit, as profit is defined in physical terms, is generated every hundred kilometers of trunk-line length. This defines the link-areas, such as the Balkans, as areas of rich economic potential, because of their highly useful role in linking adjoining regions. Second, the critical margin of growth which will define the prosperity of the region's future, is those kinds of industries which are designed to serve as source of inputs to their immediate neighbors along those trunk-line routes.

Take as an example, the shipments of foodstuffs and other bulk freight along the Rhine-Main-Danube barge-route to the Black Sea. These and other, related considerations show how improved trunk-lines through the region of southeastern Europe, tap the economic growth potential of now largely idled or underutilized labor-force in the impoverished portions of this region.

34. Jonathan Tennenbaum et al., *Das 'produktive Dreieck' Paris-Berlin-Wien*, op cit.

Think also, of the desperately needed stimulant to the economies of France, the Benelux nations, Germany, Italy, and others, through the fruits of such economic reconstruction of southeastern Europe. It must be conceivable even to some hard-headed Republicans in the U.S. Congress, that a U.S.A. now suffering an already catastrophic and growing balance-of-trade deficit, might have a vital national economic interest, both directly and indirectly, in fostering such growth in southeastern Europe and beyond.

Someone in Oshkosh needs a decent job? Economic reconstruction of southeastern Europe would work in the same general way as Marshall Plan reconstruction of war-torn Europe earlier.

This brings us, now, to the matter of scientific principle involved.

Carnot, Gauss, and Riemann

Now, we come to a crucial point, a point rarely understood, even among economists who are otherwise of relatively leading competencies. On that account, I have placed this, relatively most technical portion of the report as the concluding part. This is not to suggest that this portion of the report is in any sense optional study. It is indispensable. However, from a pedagogical standpoint, it were more convenient to the future transactions between author and readers, to situate this as the concluding topic of the report as a whole.

What is the crucial role of that development of the machine-tool principle, by Lazare Carnot, on which the exemplary success of the United States' 1861-1876 economic revolution was premised? What is the basis for that principle within physical science in general?

The only completely rational answer to that set of questions, lies in the most crucial, but, relatively, least widely understood principle of modern physical science, science as redefined by the successive work of Carl Gauss and Bernhard Riemann in elaborating the principles of what is known to qualified mathematicians and physicists as *an intrinsically non-linear hypergeometry, a physical geometry defined as functions of an orderable succession of multiply-connected physical manifolds*.

From the standpoint of physical science and engineering, *the functional definition of economic growth, of the expansion of wealth, is a generalized increase of physical productivity, as measured in physical, not financial terms, per capita, and per square kilometer*. The assured success of credit-expansion programs, such as the so-called “German economic miracle” under Chancellors Adenauer and Erhard, or of the kind of economic recovery programs which the world requires today, depends upon the validity of that scientific principle. In particular, the success of any proposed “New Marshall Plan” for southeastern Europe, given present conditions, depends absolutely upon that set of principles of physical economy.

The crucial relevance of that principle for the task at hand, lies in that fact, that it is only on the condition, that a society

is increasing its productivity and scale of physical output, in these terms, that that mission could succeed. It is only when the physical-economic growth of productivity is advancing by this standard, that we could have that sustainable source of secured physical assets, the which could serve as the basis for the continued, non-inflationary expansion of public credit for the “New Marshall Plan” mission.

The principle, as I have asserted it, by description, here, is valid. However, the mere assertion of that validity is not sufficient. Those who are responsible for directing this mission must rely upon something more than blind faith in the fact of my outstanding success in related matters of long-range economic forecasting. They must be certain that the principle, as they understand it, and are to apply it, is a correct principle. Hence, at least some summary clarification to that effect must be provided as an included feature of the present report.

To supply a scientific definition for this fundamental principle of economic science, to define this most critical measurement in physical terms, we must reference the historical and functional complementarity of the work of Gauss and Riemann, to the preceding work of France’s Monge-led Ecole Polytechnique, especially Lazare Carnot’s definition and first successful general application of a Leibnizian machine-tool principle.³⁵ These connections are indispensable for actually defining a rational comprehension of the way in which real economic growth (per capita, per square kilometer) of productivity is generated.

The roots of this aspect of physical science, go back very deep into the development of elementary astronomy, geodesy, and transoceanic navigation, perhaps tens of thousands of years ago, or more, to some time during the last glacial ages. There, the roots of ancient Chinese and Vedic solar-astronomical calendars were developed, for example. The critical feature of such relevant calendars, and early geodetics and related navigation, was constructed on the basis of measuring relative angular changes in the relative positions of stars and planets, from points of observation on the surface of our planet. Prior to the development of Classical Greece’s science, the most advanced accomplishments known are those long-cycle calendars made by ancient Egyptians, such as the pyramid-builders.

35. Carnot’s original discoveries in physical science and technology, like his revolutionary approach to the design and use of military fortifications, were premised chiefly upon Leibniz’s notion of a *geometry of position* (*analysis situs*). Typical of such notions of geometry of position, is the elementary approach to the physics of non-linear elementary forms of action, such as the treatment of isochronic pathways, and evolute-involute pairs, by Huyghens, Leibniz, and Jean Bernouilli. The higher forms, beyond Carnot, of regular non-constant curvatures, are the subject of Gauss-Riemann physical hypergeometries. Notably, however, the elementary revolutionary discoveries of the Ecole Polytechnique’s Fresnel (demolishing Newton on light) and Ampère (e.g., the Ampère-Weber “angular force” in electrodynamics), reflect the same view of *analysis situs* expressed by Carnot’s definition of the machine-tool principle.

The notable fact here, is that much of this science, especially the comprehension of the most crucial principles, was lost to European civilization during the long reign and aftermath of Roman power.³⁶ It was only during the middle of the Fifteenth Century, with Golden Renaissance figure Nicholas of Cusa’s *De docta ignorantia*, that the most crucial features of Classical Greek scientific thought from sixteen hundred years earlier, were restored to relatively broad practice as the basis for modern scientific thought.

The pivotal feature of Cusa’s contribution to that mid-Fifteenth-Century founding of modern physical science, is his discovery of what came to be known as the principle of so-called transcendental functions, with his explicit insistence on what was already known by the Classical Greeks, that the Earth orbited the Sun, and the related principle, that elementary physical action in the universe does not occur along straight lines, but in those forms of regular, if not necessarily constant curvature, corresponding to measurement and normalization of observed angular displacements in astronomy.³⁷

There is a direct line of successive development of modern physical science, from Cusa, through Luca Pacioli and Leonardo da Vinci, through Johannes Kepler, through Christiaan Huyghens and Gottfried Leibniz, through Carnot and Monge, and through Gauss, Riemann, et al. Reliving the successive, actually historical steps of this connection, is crucial for any rational comprehension of the way in which real physical-economic growth occurs in modern economies.

Thus, situate the most crucial fact of all modern economy, that a political and scientific revolution, centered in Italy, France, England, Germany, and Spain, during the Fifteenth Century, resulted in the greatest improvement in the condition of the human species ever experienced, until that time. The growth of population, and increase in life-expectancy, spreading world-wide since that time, is but one leading expression of that result. [Figure 3.] This was the result of the radiated influence of what is known as the Fifteenth-Century, Italy-centered Golden Renaissance.

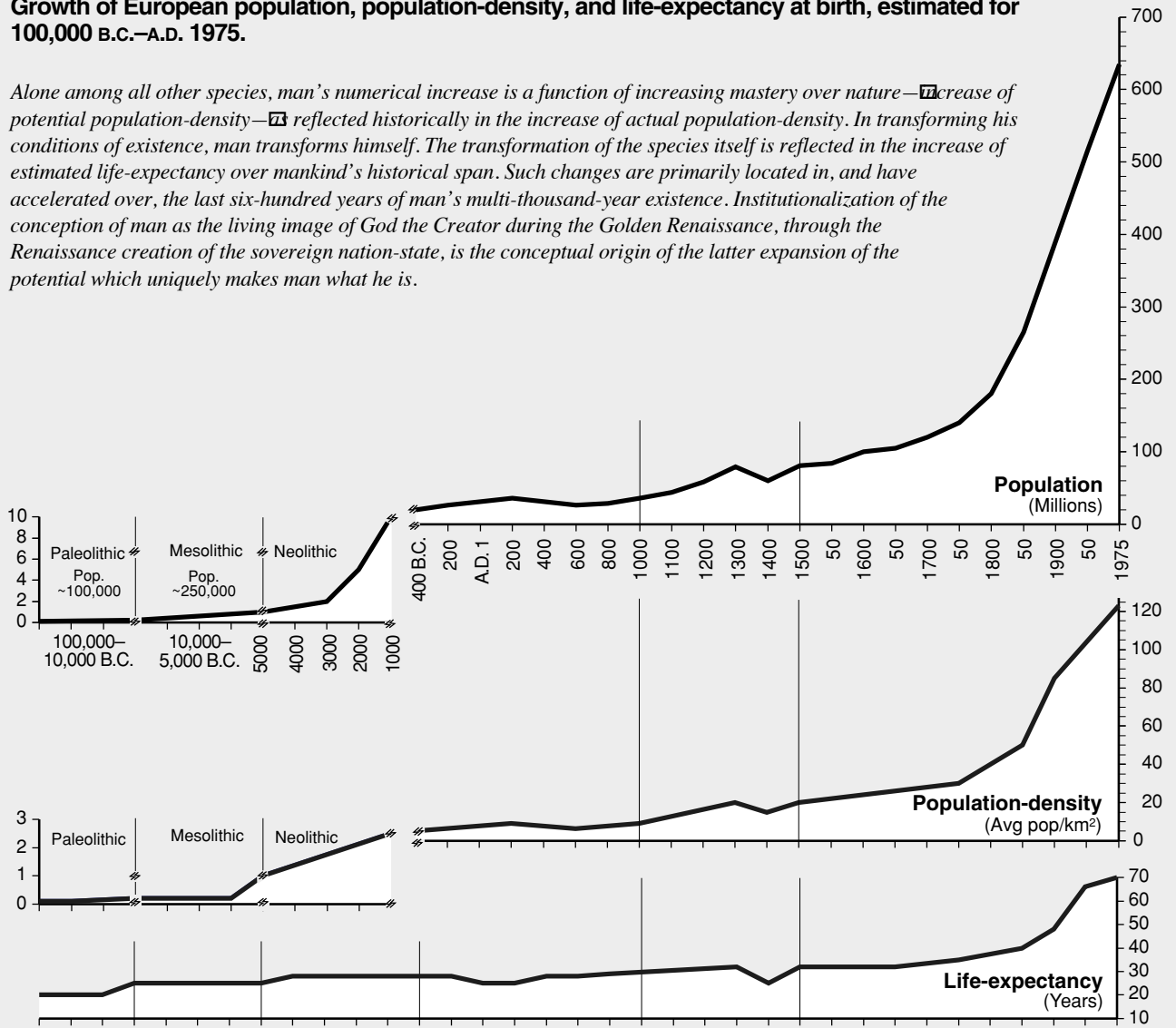
36. From approximately the time of the Romans’ murder of Archimedes, until the middle decades of Europe’s Fifteenth Century. Typical of this degeneration is the fabrication and perpetuation of the celebrated fraud perpetrated for astronomy by Claudius Ptolemy.

37. The pivotal case which Cusa employed in defining the elementary difference in Eratosthenian cardinality between so-called irrational and transcendental measurements, was Cusa’s critical correction of the estimation of π presented by Archimedes’ theorems on the quadrature of the circle and parabola. Cusa returned to that Classical Greek standpoint, that of Plato, for example, in which the elementary form of physical action was not straight-line action, but regular curvature, such as the surface of the sphere, or regular, but non-constant curvature, as the latter standpoint was developed successively by Kepler and Leibniz’s discovery of the calculus. Thus, the followers of Cusa, such as Pacioli, Leonardo, and Kepler, followed Plato in the point of the so-called “five Platonic solids.” If the universal principle of physical action were spherical action, as the empirics of astronomy argue, then the metrical characteristics of elementary forms (phenomena) of physical action cohere with the “five Platonic solids.”

FIGURE 3

Growth of European population, population-density, and life-expectancy at birth, estimated for 100,000 B.C.—A.D. 1975.

Alone among all other species, man's numerical increase is a function of increasing mastery over nature— \square increase of potential population-density— \square reflected historically in the increase of actual population-density. In transforming his conditions of existence, man transforms himself. The transformation of the species itself is reflected in the increase of estimated life-expectancy over mankind's historical span. Such changes are primarily located in, and have accelerated over, the last six-hundred years of man's multi-thousand-year existence. Institutionalization of the conception of man as the living image of God the Creator during the Golden Renaissance, through the Renaissance creation of the sovereign nation-state, is the conceptual origin of the latter expansion of the potential which uniquely makes man what he is.



All charts are based on standard estimates compiled by existing schools of demography. None claim any more precision than the indicative; however, the scaling flattens out what might otherwise be locally, or even temporally, significant variation, reducing all thereby to the set of changes which is significant, independent of the quality of estimates and scaling of the graphs. Sources: For population and population-density, Colin McEvedy and Richard Jones, *Atlas of World Population History*; for life-expectancy, various studies in historical demography.

Note breaks and changes in scales.

For our subject here, the physical basis for self-perpetuating generation of credit, the crucial relevant features of that Renaissance revolution are chiefly the following.

The aftermath of the Council of Florence established a new principle of law and nation-state, based on the principle that each man and woman is made equally in the image of the Creator, and thus set apart from and above all beasts. As best typified by the influence of the principal pre-architect of the Council of Florence, that founder of modern experimental physical science, Cusa, the empirical fact upon which this

unique quality of the human individual was premised for proof, was the role of experimentally measured, validated discoveries, by individual minds' sovereign cognitive processes. The central feature of this, is the efficiency of those discoverable, universal physical principles, in increasing mankind's power in, and over the universe.

In this circumstance and revolutionary intellectual spirit, the Golden Renaissance overturned the formerly customary place of forms of society in which relatively large populations of virtual human cattle, were ruled over by the whimsical laws

of a much smaller population composed of oligarchs and those oligarchs' lackeys.

The first relatively successful implementation of this revolution began with the accession of France's King Louis XI. Typified by the direction of Louis' reforms, the law of the state became the obligation to serve the general welfare, or what is otherwise known as natural law. This became a new kind of society, the modern form of sovereign nation-state consistent with republican social and natural-law principles.

The education and other uplifting of the general population, and promotion of rapid rates of physical-economic growth per-capita of the whole population, began a revolution based on the modern sovereign nation-state committed to the same principle of the general welfare set forth as the fundamental law of our Federal republic, in the Preamble of our Constitution. Louis XI's success led to the accession of reformer Henry VII in England. Isabella I of Spain was of a like, Renaissance-inspired disposition.

Although Europe's struggle to establish true sovereign nation-states never fully recovered from the pro-world-government, feudal, anti-nation-state oligarchy's defeat of the League of Cambrai, it was through the republicans of Europe, that the future U.S.A. was colonized, and the U.S.A. as such founded. The same European republicans' efforts, efforts strengthened by the successes of the U.S.A., to establish true republics in Europe, rather than merely parliamentary systems, have persisted from the Renaissance, until the present world crisis. These efforts, typified by the original Federal Constitution of the U.S.A., have persisted until now, despite intervening centuries of repeated setbacks to this cause within Europe itself.

Thus, with the waning in power of that landed aristocracy which ultra-reactionary Habsburg Chancellors von Kaunitz and Metternich had represented,³⁸ the leading remaining adversary of civilization has been a financier oligarchy based on the model of Venice, as this is exemplified by the British monarchy financier oligarchy of today. Despite both landed aristocracy and financier oligarchy, it has been the continuation of the opposing, anti-oligarchical, republican cause, since the Fifteenth Century, which has been responsible for the great global advances in the human condition, which were generally in progress globally until the past quarter-century or so.³⁹

Thus, the root of all of the trends toward improvement in the human condition, since the Fifteenth Century, has been byproducts of the launching of modern sovereign nation-states, premised upon the equality of man under the principle of the obligation of the nation-state to defend and improve

38. In this instance, "reactionary" points to the efforts to turn back the clock of history, to the Middle Ages, by the enemies of Austro-Hungary's reforming Emperor, Joseph II.

39. The republicanism of the two greatest military thinkers of France and Germany at the turn to the Nineteenth Century, typifies the republican instincts among the non-aristocratic officers found among the officer corps of the artillery and engineering branches.

the general welfare. This progress has been chiefly expressed in those economic reforms essential to improvement of the demographic characteristics of populations, and the increase of the physical productive powers of labor. This improvement, in turn, has been the result of advances toward universal, Classical forms of education, and a matching fostering of scientific and technological progress.

The relevant hallmarks of the emergence of the modern sovereign nation-state, have been chiefly the following. The accelerated emphasis upon the responsibility of the nation-state for basic economic infrastructure. Notable examples, in the case of Louis XI's France, are his reforms in education, and the famous pioneering in hospital care at Beaune, the latter launched by an associate of Cardinal Nicholas of Cusa. The legacy of the Council of Florence, as typified by Nicholas of Cusa's ground-breaking work in experimental physical science,⁴⁰ leading to the work of such successors as Leonardo da Vinci and Johannes Kepler, and to resulting revolutions in science and technology. Central has been the increasing role of public education and fostering of the introduction of advances in science and technology, increasingly, into the economic practice of an educated general population.

It has been the combination of trends toward what the Renaissance adopted as so-called Christian Humanist methods of secondary education, intersecting the fostering of a process of economic growth driven by scientific and technological progress, which has been the characteristic moral and physical superiority of modern nation-state economy over preceding forms of society. The Classical Humanist methods of education associated with Wilhelm von Humboldt for Germany, are typical of the broad intellectual foundations developed among the young, upon which the possibility of continuing general economic process has depended.

Among the principled advantages of such types of education over any alternative, is the fact that a secondary level of such education, based on the student's reliving the experience of original discovery of both universal physical principles and Classical artistic principles, enables that student to relive, one after the other, the most essential fruits (discoveries of validatable universal principles) of human history to date.

This reliving occurs within the student's own cognitive experience, instead of the stultifying practice of merely "learning" those results, as in such inferior modes of education as "textbook"-based instruction. The student, by reliving any of the most essential accomplishments, in discovery of principle, of human existence to date, becomes, in that sense, an embodiment of a continuing process of living history from past to present. Hence, such forms of education not only provide the best education in science, for example. They are indispensable for providing the maturing young person that deep, inner sense of personal connection to, and personal

40. *De Docta Ignorantia (On Learned Ignorance)*, trans. by Jasper Hopkins as *Nicholas of Cusa on Learned Ignorance* (Minneapolis: Arthur M. Banning Press, 1985).

identity within ongoing history, which is fostered only through that kind of education. Students, so educated, develop moral qualities and ability for problem-solving generally lacking in other populations.

Limiting our attention to physical science and technology as such, the following connections are crucial for grasping the importance of the Carnot principle. I briefly identify, and then summarize the leading points.

1. The absolute superiority of the human species to all other living creatures, is expressed by the fact, that only mankind is capable of willfully increasing its species' power within and also over the universe.
2. This power is expressed as a series of discoveries of validatable, interconnected, universal physical principles. Each member of this set of interconnected universal physical principles, comes into existence as human knowledge through that non-deductive method of discovery of such principles, through what is called non-deductive "cognition," as distinct from so-called formal, or deductive modes of thought. These discoveries of principle can be known to persons other than the original discoverer by no other means than each individual's independent replication of the original cognitive act of original discovery: e.g., by Classical humanist methods of education, or their equivalent. This cognitive process of human progress, is the quality of potential which defines the human species, which sets us apart from, and above all other living species. It is this cognitive power which absolutely distinguishes the healthy human specimen from both the higher apes and fruit-flies of creation, and also sets cognitively thinking persons apart from such unfortunates as populists and pedants.
3. It is through the accumulation of these validated universal physical principles, that the human species acquires increasing power in and over the universe. It is the development of that set of interconnected principles, which is the primary form of action by means of which the human species is able to increase its physical power within and over the universe.
4. In the language of mathematical physics, this set of validated universal physical principles, as developed and practiced up to any point in the history of mankind, constitutes a Gauss-Riemann form of hyper-geometry, a phase in a succession of multiply-connected manifolds. Each such manifold of general economic and other practice, is associated, in physical science, with the notion of an experimentally demonstrable, relative physical space-time curvature. In physical economy, we experience such gains in

curvature as increase of the net physical productivity of labor, per capita and per square kilometer, of whole societies.

This change in physical-economic curvature, is expressed as an increase in the power of human action on the universe, per capita, and per square kilometer of the Earth's surface. That is the meaning of the term "physical-space-time curvature," as applied to the domain of a science of physical economy.

Thus, the essential thing in the shaping of economic policy of practice, is to aim to increase what Leibniz and Hamilton defined as the productive powers of labor, through the realization of scientific and technological progress, or what Hamilton and others of his time sometimes termed "artificial labor." It is those changes in productivity, so realized, which are the proper primary subject, and determining variable of all competent economic policy-shaping.

5. Thus, to increase the amount of credit which can be generated in a sustainable way over the long term, action in the short term must be aimed at the long-term result of increasing the physical productive powers of labor per capita and per square kilometer. These choices of short-term action for long-term effects, must meet the requirement of shifting the implied Riemannian technological manifold upward. *As long as that requirement is met, and on that condition, the possibility for continuing to increase the amount of state-backed credit generated, is limitless.*
6. The machine-tool principle as defined by Lazare Carnot, and as introduced to practice under his direction during 1792-1794, points directly to all of those connections between science and technology, upon which the possibility of limitless, inflation-free issue of state-backed credit for physical-economic growth depends.

Now, examine summarily the form those connections assume in real economies. Trace the steps from the original discovery, or rediscovery of a universal physical principle, to the realization of that discovery as the applicable technologies through which man's power in, and over the universe, is increased per capita and per square kilometer.

Technological progress begins with the recognition of evidence of a systemic error in generally accepted beliefs of that place and time. Either, what is implicitly treated as a universal principle is false, or existing knowledge fails to recognize some existing, relevant, universal physical principle. In that sense, all human progress is revolutionary as a matter of principle.

Limit our attention here, to the cases in which most of the presently accepted physical principles are not false in and of

themselves. In this case, there is a systemic error in all beliefs respecting matters of physical science. This error corresponds to the failure to recognize one or more actually existing, additional physical principles.⁴¹

The result of noting such a systemic error has the same effect as recognizing a true Classical paradox in the field of artistic composition. The resolution of such a paradox by deductive methods, is an axiomatic impossibility; only through the creative-cognitive faculty (which Immanuel Kant, for example, said did not exist), as employed by a scientifically cultivated mind, can a validatable, principled solution be generated.

In the case such a solution is proposed, the question is: How shall this be validated? The answer is that proposed by Cusa. Contrary to nominalist fanatics such as Bertrand Russell and Russell's John von Neumann, it can not be settled by deductive methods at the blackboard, or by digital-computer methods; it can be settled only by a suitable design of a physical experiment which provides us a relevant quality of measurable result. This brings us directly to the matter of Carnot's principle.

Riemann defines the nature of such a proof of principle experiment more precisely than had been the case earlier. A proof-of-principle experiment must be that which Riemann defines as a *unique* experiment.

This notion of a *unique* experiment flows directly from the conception of the array of validatable universal physical principles, as a multiply-connected manifold of the Gauss-Riemann type. In other words, if manifold $n+1$ has a physical-space-time curvature of q_{n+1} , prove that manifold $n+2$, including an efficiently multiply-connected newly proposed principle, has a distinct curvature q_{n+2} . In other words, it is not competent practice, to assume that a simple experimental test of an isolated $n+2$ th principle is proof; what must be tested is the difference in curvature defined experimentally, as the difference in characteristic curvature of the two manifolds.

Given, a physical process located within manifold $n+2$, define the characteristic curvature of physical action for that manifold. Now design the application of that manifold to some medium of action accordingly.

41. For example, when the British ideologue J. Clerk Maxwell composed his celebrated work, he initially omitted certain previously proven electrodynamic and related principles from his system. These omissions included the relevant discoveries of physical principle by Fresnel, Ampère, Gauss, Wilhelm Weber, and Riemann. Maxwell admitted that he had willfully committed such a fallacy of composition, and attempted to justify this fraud by reporting that he, as a British ideologue, had preferred to omit reference to "any geometries but our own." It is then an interesting illustration of Riemann's principle, to compare the view of electrostatics, relying upon Maxwell's fallacy of composition, as compared with the result of correcting Maxwell's work by adding an experimentally validated universal principle, the Ampère-Weber "angular force." Thus, treating Maxwell's electrostatics as an n -fold manifold, the relevant error is corrected by an $n+1$ -fold manifold which incorporates the Ampère-Weber principle as a multiply-connected feature.

That is what Carnot prescribed for the case that the elementary form of action considered, is derived from regular action of constant curvature. The study of the principle of isochronic characteristics of the cycloid pathway of action, by Huyghens, Leibniz, and Bernouilli, is the simple point of conceptual reference which serves as introduction to the challenge of multiply-connected manifolds. From that point on, the significance, and outcome of Carnot's influence on this point, speaks for itself.

That illustrative picture given, now trace the outcome of a discovery of universal physical principle through the principal later steps.

The direct connection between the discovery of an experimentally validated universal physical principle, and a resulting increase of the productive powers of labor, lies in the design of the appropriate experimental (e.g., "laboratory") apparatus, by means of which a proposed physical principle is supplied a meaningful test by measurement.

Such a design of such an experiment, can then be studied from a different standpoint. If the design of the experiment provides an efficient, successful test of the principle at issue, the experimental apparatus already incorporates principles of machine-tool design, by means of which the proven principle can be incorporated in such forms as new designs of products and productive processes.

Although such practical conceptions were introduced to forms of generally applicable economic practice no earlier than such Renaissance figures as Leonardo da Vinci, the same principles are implicit in the history of physical science, from the earlier times of validatable long-cycle solar-astronomical calendars, more or less deep within the last long glacial age. What is essentially new, is the new political-economic system, the system based upon the modern sovereign form of nation-state, the state based upon the controlling principle of general welfare. It is the direction of general trends in education, and in science, to those forms of scientific and technological progress by means of which the general welfare is better served, which has brought the modern agro-industrial economy into the form in which we are able to willfully pre-empt the self-expansion of the physical productive powers of labor, per capita and per square kilometer.

Whether or not the relevant political authority fully understands the principles of economic science which I have once again reported here, he or she, by aid of relevant experts who do, may be assured in a choice of policies, by means of which self-replicating, non-inflationary increases in state-backed creation of credit, may solve problems such as that posed by the crisis of southeastern Europe today.

The catch is, that the effort to aid southeastern Europe could not succeed, unless a hopelessly bankrupt present world financial system were radically reformed, through politically directed reorganization in bankruptcy, to be capable to adapting to such tasks as the urgently needed tasks of a "New Marshall Plan" for southeastern Europe as a whole.