

The Infrastructure Road to Recovery

Introduction

2. Revive the Nation-State and the Common Good

In the Golden Renaissance of Fifteenth Century Europe, an entirely new political institution was created—that of the sovereign nation-state. For the first time in history, government was premised on the Platonic/Christian conception, that all men are equal because they are all born *imago viva Dei* (“in the living image of God”).² The unique purpose of the nation-state—and the sole basis of legitimacy of governments from then on—was to foster the “common good” of all of its citizens. This was a radical break with existing forms of oligarchical rule, whether of empires along the Babylonian/Roman model, of European feudalism, or of the slightly more disguised form of imperial rule of the financier oligarchy of Venice, which had been for centuries the world’s leading banking centre and leading maritime power. Under all those systems, men and women were no different than cattle, to be herded, culled or slaughtered at will, as it pleased the reigning oligarchy.

After its first establishment in the France of Louis XI and in the England of Henry VII, the sovereign nation-state suffered many ups

and downs in Europe, as the Venetian, Hapsburg and other oligarchies struggled mightily against it, including by unleashing the sort of brutal religious warfare of the 1509-1648 period. The republicans of Europe, particularly those later centred around the great statesman and scientist, Gottfried Leibniz, moved to outflank the still-powerful oligarchy of Europe, by establishing a republic in the new continent of America. After a bloody revolution against the British monarchy and the City of London (“the new Venice”), the Americans established a new sovereign nation-state, whose purpose as stated in the Preamble to the U.S. Constitution, was to foster the “general welfare” of all Americans, in the present, *as well as for generations to come*.

After the victory of President Abraham Lincoln over the British-backed, slave-owning Confederacy in the 1861-65 Civil War, the agro-industrial revolution unleashed by Lincoln’s wartime mobilisation made the United States the most powerful industrial nation on earth. Its anti-British free trade “American System of political economy”, as it was then univer-



Left: John Curtin and Ben Chifley dedicated their entire lives to fighting for the “common good”, which was the central tenet of “old Labor.” Right: Public capital expenditure as % GDP: This graph reflects the collapse in infrastructure under economic rationalism.



sally known, was centred on universal education, protectionism, national banking, and great infrastructure projects (such as the transcontinental railroads). This “American System” was rapidly emulated in Japan, Germany, Russia, and elsewhere—and in Australia, where the American immigrant King O’Malley founded the Commonwealth Bank and oversaw the

building of the transcontinental railroad, and where the founders of the Labor Party took the American, as opposed to British, spelling of “labour” to signify that system to which they aspired.³

The economic rationalism which has taken over Australia since the Hawke-Keating era, is specifically aimed at destroying the “common good”, by putting private profits

first, as most clearly reflected in the wholesale “privatisation” of our infrastructure which, by its very nature as necessary for the common good, must be state-owned, or at the very least state-regulated. Sponsored by the British Crown’s Mont Pelerin Society, “economic rationalism” is aimed more fundamentally at destroying the very nation-state itself.⁴

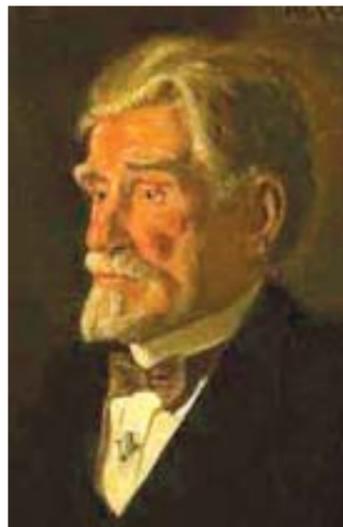
3. Rebuild Australia’s Collapsed Infrastructure

Since at least the 1980s, our nation’s infrastructure has been systematically run down and destroyed. This is perhaps most obvious in the “soft” infrastructure such as health care and education, but it is also true for such “hard” infrastructure as railroads, roads, shipping, energy and water. Since the 1980s Australia has built up an “infrastructure deficit” of over \$100 billion. In fact, the size of the collapse has been masked by the fact that Australia’s physical economy itself has shrunk drastically, from the sort of agro-industrial orientation seen in our once-proud manufacturing sector, toward “services”, which require little or no infrastructure. A 1998 examination of our dilapidated rail infrastructure, for instance, by the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform of the federal Parliament found that “Without urgent and substantial investment in this infrastructure, major sections of the national rail network are likely to become irretrievable within ten years.” The Institution of Engineers, Australia, which compiles the annual Australian Infrastructure Report Card on behalf of the Australian Infrastructure Report Card Alliance comprising dozens of Australia’s leading infrastructure bodies, and which is pro-privatisation itself—and therefore radically underestimates the country’s actual needs by a large margin—has projected that over the next ten years, we need to spend \$150 billion on infrastructure. Though final figures are not yet available, early estimates foresaw spending some \$50 billion on water resources, \$20 billion on electricity, \$12 billion on rail and \$5 billion on ports. Even by their own inadequate standards, the Report Card

gives the following marks to key infrastructure sectors: Irrigation—D-; Stormwater—D; Local Roads—D; Rail—D-, with much of the rest of the nation’s infrastructure graded as barely adequate.⁵

In addition to the financier looting known as “economic rationalism” and “privatisation”, another justification for the looting of both hard and soft infrastructure has been the “balanced budget” lunacy followed, enthusiastically or not, by all of Australia’s political parties except the CEC, as exemplified by the 1998 federal act, *The Charter of Budget Honesty*. As physical economist LaRouche—by far the world’s greatest economic forecaster of the past four decades—has voluminously documented in his writings, the linear “statistical”, “accounting” mentality at the root of the balanced budget madness, is a self-fulfilling prophecy which *causes* an economy to collapse.⁶ And in fact, the Howard-Costello budget, like those of Hawke-Keating before them, are not balanced in the first place, because they are not replenishing the used-up infrastructure, and by so doing are simply looting the future to seemingly balance the books in the present. Because, as LaRouche specified in an address to a group of economists in Guatemala in mid-2001, “Over 50% of an investment in any effective economy, is in basic economic infrastructure, which is by the state.... A healthy economy, is *dominated* by the nation-state.”

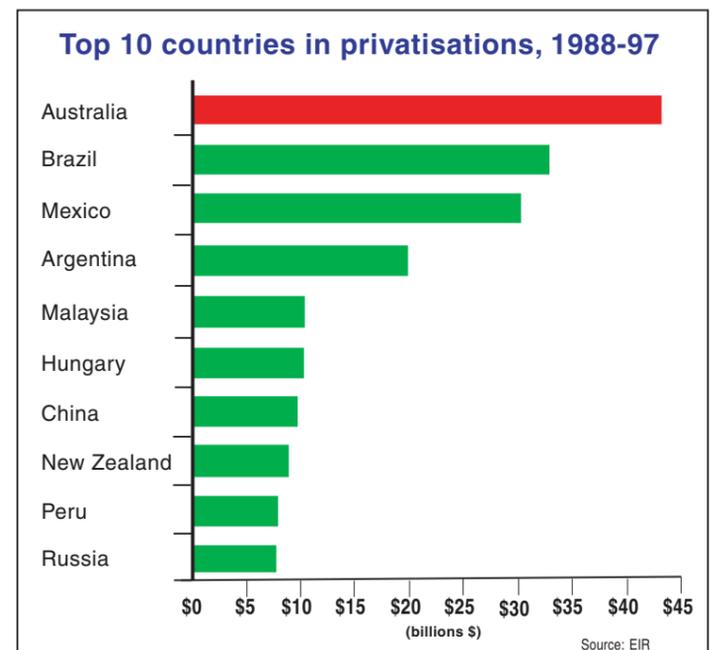
One can cheat on these costs for awhile, with seemingly little penalty, but the results over time are deadly. As LaRouche observed, “Generally, the minimum interval of time, during which the relationship between short-term aberrations and their large-scale long-term effects, becomes empirically



King O’Malley established the Commonwealth bank to provide credit for development.

clear, is in the order of not less than a quarter-century, approximately the span of development of a newborn child into a fully defined-as-functional adult.... Since infrastructural development, and long-term capital improvements, or the lack of either or both, define the net outcome of an entire generation of an economy’s unfolding, we must never attempt to define the policies properly governing so-called microeconomical functions, except in an axiomatically well-defined macroeconomical setting.”⁷

Meanwhile, the same government which loudly protests that it “can’t afford” infrastructure, spends over \$5 billion on unemployment each year, which is a dead loss (not to mention the lost tax revenue from the army of unemployed), and was scheduled to spend an astonishing \$16 billion through 2005-06 in National Competition Policy-related pay-



Starting in the Hawke-Keating era, Australia has led the world in flogging off its precious infrastructure—the work of generations of Australians past.

ments to *wreck* infrastructure.⁸ Furthermore, instead of investing \$500 billion in superannuation funds in crashing stock, bond and other speculative markets, \$40 billion of which were lost in 2001 alone, much of that money should be invested in the physical building of Australia’s future—what safer investment could you possibly have?

Foremost among the new institutions needed to facilitate an infrastructure-led, science-driver form of economy is a new national bank, which such titans of “old Labor” as King O’Malley, Frank Anstey, John Curtin and Ben Chifley always intended, will provide whatever credit is needed for national development. As LaRouche has specified regarding a national

bank and its relationship to infrastructure, “The use of the power of the sovereign nation-state to create national credit, is the indispensable means for organizing a process of general recovery from a catastrophe such as that of 1929-33, or the worse situation erupting today. This course of action depends upon mobilising a passion in support of feasible programs which will not be self-sustaining in less than the medium to long term. On the basis of confidence in the prospect that such programs will become self-sustaining in their effects, government issues regulated credit to tide the nation and its people over, during the process of building up to a self-sustaining recovery.”⁹

4. Develop the Biosphere, and the Noosphere

The CEC’s bold proposals for an infrastructure-led agro-industrial recovery which are contained in this special report, will lead some to say, in a knee-jerk fashion, “You can’t do that!” When asked why not, given that we *used* to do it, when the economy was actually functioning, they will either splutter some nonsense about “the budget”, which is refuted above, or, perhaps more likely, they will emit a high-pitched whine, “What about the environment?!”

They thus show themselves to be dupes of that same financier oligarchy, which both owns the major media, and which invented the scam of “environmentalism” in the first place, as another weapon to target nation-states.¹⁰

Because the real science of the biosphere begins with the man who formulated the concept in the first place, the great Russian scientist Vladimir I. Vernadsky (1863-1945). Vernadsky published his epoch-making book, *Biosphere*, in

Russian in 1926.¹¹ And since he originated the concept of the biosphere, he can be presumed to know far more about it than any greenie ever could. Vernadsky, who also originated the discipline of biogeochemistry, showed that when you looked at the earth over hundreds of millions and even billions of years, that the geochemical energy of life (living matter)—which is a distinct physical principle from nonliving matter, and which is ostensibly weak in com-

parison with the mighty, ostensibly inanimate forces of oceans, volcanoes, storms, raging rivers, etc.—actually dominates and changes these inanimate forces to an ever-increasing degree. As Vernadsky put it in *Biosphere*, “Without life, the face of the Earth would be as motionless and inert as the face of the moon.”

Moreover, Vernadsky proved that, just as living matter dominates and transforms nonliving matter, as when plants, for instance,

absorb nonliving material such as water, minerals from the soil and gaseous molecules from the atmosphere and turn them into living tissue, the process of creative cognition—which is unique to man—increasingly dominates and transforms the biosphere itself, giving rise to a new geological epoch, that of the noosphere (after the Greek-derived word, “noesis”, which means cognition, creative thought). Said Vernadsky of this new era, “We are living in a brand