"You can fool some of the people all of the time. You can fool all of the people some of the time. But you can't fool all of the people all of the time."

—Abraham Lincoln

The $53 billion ripoff

The American public will pay a staggering $53 billion, face unemployment of 10 to 11 million, and suffer inflation rates of 14 to 16 percent by early 1980—all thanks to the Carter administration's deliberately contrived oil price rise. In return for paying that tax, the American people will get *nothing*—except a devastating collapse of U.S.

This is the result of the first application of U.S. presidential candidate Lyndon H. LaRouche's computerized "Riemannian" economic model. The findings are based on a conservative estimate that the price of imported oil will rise to an annual average of $19 per barrel plus $2.50 in shipping costs.

But this $53.7 billion figure, the designers of the model point out, does not include the impact on the United States of the oil-related collapse of developing sector and European economies that provide U.S. dustry's export markets.

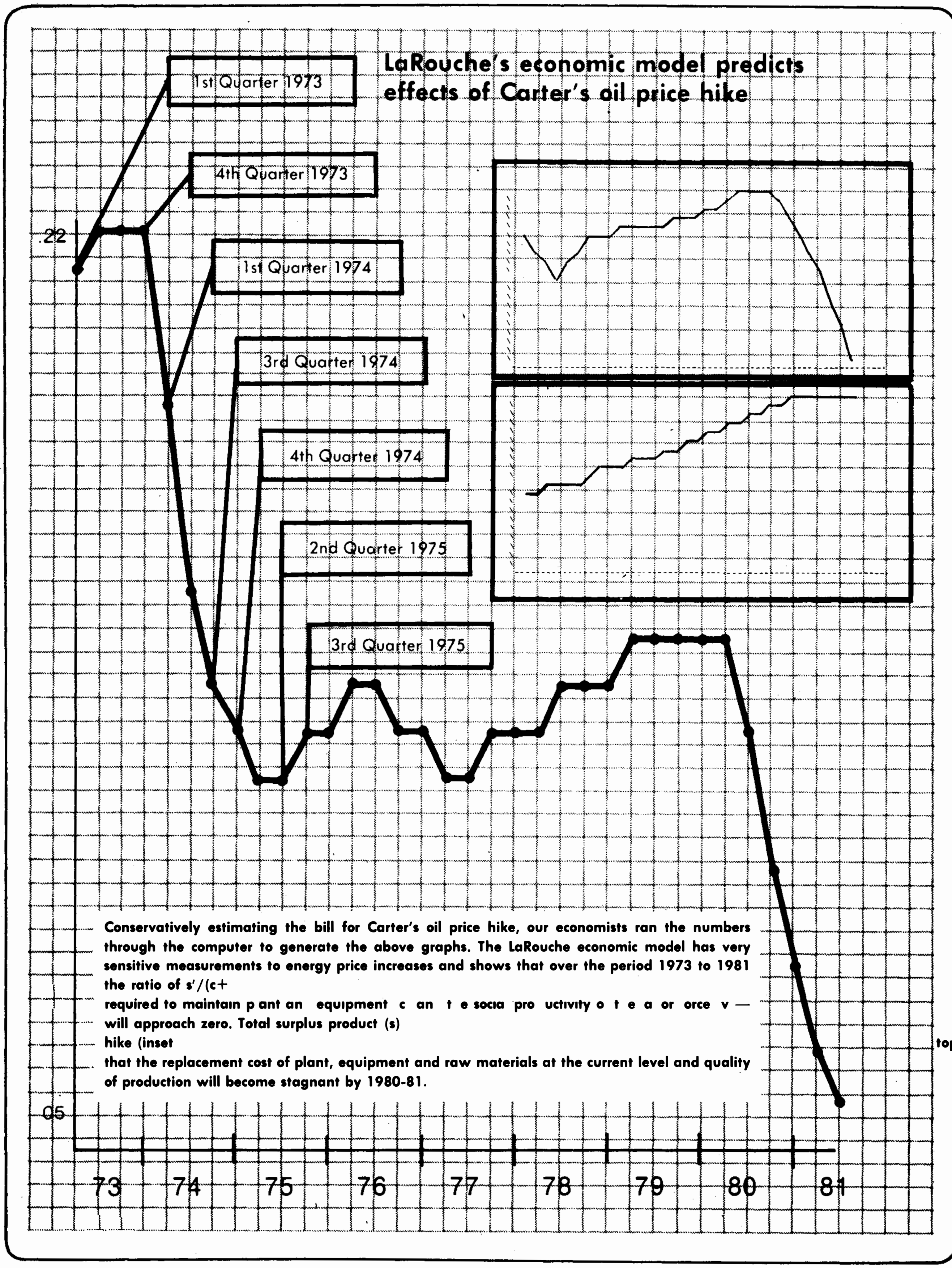
Remember 1974

To get a feel for that, think back for a moment to the "oil crash" of 1973-1975, the first time the British Crown and the financiers of the City of London and New York, working with the Seven Sisters oil multis, pulled a fake world

a raging depression, and back then, having a job, and money for rent, was a luxury. Consider for a minute what happened.

In October 1973, as a result of the NATO-directed Middle East War, the price of OPEC oil jumped fourfold—from $3 to $12 per barrel.

The total cost to America for domestic and imported



Conservatively estimating the bill for Carter's oil price hike, our economists ran the numbers through the computer to generate the above graphs. The LaRouche economic model has very sensitive measurements to energy price increases and shows that over the period 1973 to 1981 the ratio of s'/(c+ v)—the ratio of th
required to maintain p ant an equipment c an t e socia pro uctivity o t e a or orce v —
will approach zero. Total surplus product (s)
hike (inset top). Finally, plotting the a
that the replacement cost of plant, equipment and raw materials at the current level and quality of production will become stagnant by 1980-81.

oil shot from $26.3 billion in 1973 to $53.9 billion in 1974, a leap of more than *100 percent*. The $27.6 billion increase in U.S.
the GNP for 1974, constituted nearly half of U.S. corporate profits and shoved the real rate of economic surplus sharply into the negative.
Federal Reserve Chairman Arthur Burns put the squeeze on credit in late 1974 that the plug was pulled on this inflationary spiral.

Economic expansion came to a screeching halt, as vast areas of the U.S.
Unemployment lines of thousands wound round city blocks.
duction index plummeted 8.9 percent from 1974 to 1975. At the same time, in 1975, *the number of unemployed nearly doubled*—to 7.
percent of the U.S.
rocketed at 11 percent for the year (building in a permanent 7 to 8 percent inflation rate).

In Europe jobless lines seemed endless.
to bed cold and hungry.

In the Third World, the effect was mass murder.
a result of the oil crisis, the Third World, whose debt more than doubled to $230 billion by 1976, fell under International Monetary Fund dictatorship.
drought hit southeast Africa, several tens of thousands died in the Sahel.
Bangladesh after the IMF took over that oil-starved country to apply its brand of austerity.

The oil hoax today

But if the oil hoax was bad in 1973-1975, think what it will be like today.
comparison.

Just by conservatively estimating that the price of oil imported to the U.S.
of $19 per barrel (with a $2.50 shipping charge on top of that), the price tag of U.S.
$24 billion in 1979 alone.
average of U.S.
adds another $12.2 billion.
here.
the price of coal and natural (dry) gas—which the economy uses a lot of—more than doubled.
that the price of these energy supplies rises only by 50 percent this time, and that's another $17.4 billion. Grand total: $53.7 billion, quite a tidy little sum.

But, we remind the reader, that $53 billion was arrived at by excluding many costs.
we haven't considered what the oil hoax will do this time to the Third World, which is living at the margin of bare existence, and to Europe—economies with which the U.S.
and the Third World, and U.S.

Add in the cost of export trade loss, along with the multiplier-ripple effect for the price tag of oil hoax-induced lost production, as well as unemployment insurance costs, and the loss of nuclear power, and we are talking about a total cost to the U.S.
several hundred billion dollars.

Clearing the air

Big numbers can have a way of making you dizzy.
to give you a handle on what $53 billion ripped off the economy means, the LaRouche economic model, which has very sensitive measurements to energy price increases, put the numbers into a computer to generate some remarkable graphs.

This impact study reported here was produced using a new tool for economic investigation, Riemannian Economic Analysis. *Executive Intelligence Review*, May 1, 1979 for details) deals with the reproductive dynamics of the parts of the economy actually responsible for capital investment and labor power development.
tion drawn between productive sectors and nonproductive sectors of the economy, a set of equations is derived describing the time evolution of the reproductive potential of an economic system.

The critical inputs into the model are the political, fiscal, and monetary decisions made over the course of the desired projection.
effects of a doubling of the price of oil, these political decisions resulted in three separable effects: first, there is immediate rise in the cost of raw materials, including but not confined to petroleum and its immediate derivatives.
economic life whose measurable impact is a secular drop in the real productivity of the economy.
certain critical threshold point, which was estimated to occur at approximately the last quarter of 1979, a wave of layoffs and closings of industry occur, leading to a large increase in nonproductive consumption in the economy and a further drop in productivity.

This same scenario of events occurred during and in the year after the oil price rise in 1973-1974. As seen from the accompanying graphs, there was a precipitous drop in the real economy in 1974 from which we never actually recovered.
the graph of reproductive potential $s'/(c+v)$, for example, levels off after 1974 but does not rise again. That graph measures the rate of free energy or that portion of surplus that a society's economy produces every year to be used for expansion, but in new technologies and capital formation, and in upgrading the social productivity of the labor force.

We foresee a similar severe and irreversible impact from a second price increase.
Schlesinger oil hoax in 1979-1980, the curve of reproductive potential of the U. S.
the floor.

This means the economy will be utterly wrecked.
fect of this curve—using what happened in 1973-1975 as a guide, with corrections for inflation and production—these are the results: within 9 months inflation will grow by 5 to 7 percent to 14 to 16 per year (based on the correlation of energy prices to inflation); unemployment will go from 6.
imately 11 million; industrial production will fall by 9 to 11 percent.

Why

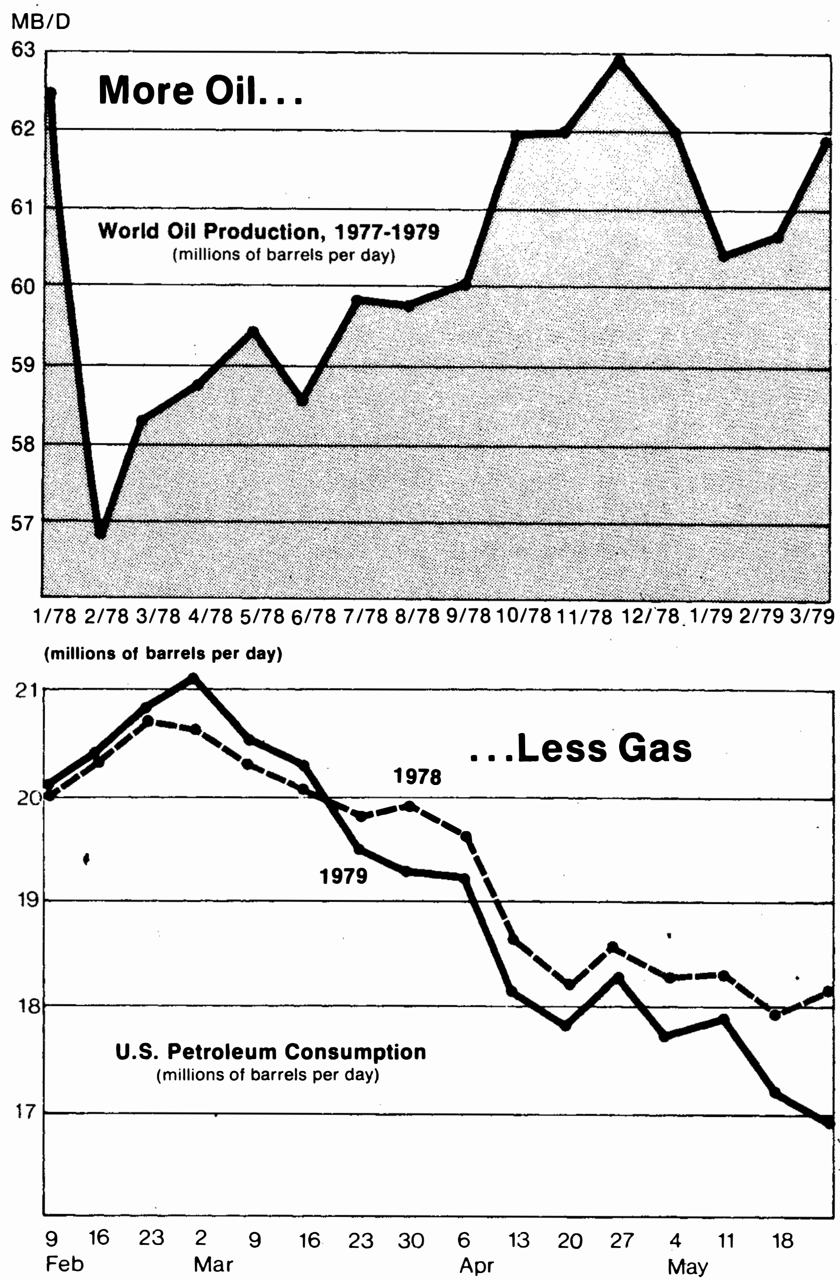
Behind the oil price hike is an unholy alliance between the Carter administration and the cartel of international oil corporations led by London's Royal Dutch Shell and British Petroleum.
not just quick profits, they are political.

There is no oil shortage now. But there will be if London and Washington succeed in choking off 70 percent of world oil production by using the Muslim Brotherhood network in Iran and the Persian Gulf to impose a feudal, no-growth regime on the Middle East.

LaRouche's economic model—the Riemannian Economic Analysis—shows how Carter's oil price hike will take the bottom out of the U. S.
unique method for relaunching the economy on a sound, high-technology basis.

—*Richard Freeman*

The real story



While Energy Secretary Schlesinger and others were claiming oil shortages and pushing policies of energy conservation, oil production was, on average, going up. World oil production, states the Energy Department's Energy Information Administration, was more than 5.3 percent higher during the first three months of 1979 than the same period in 1978. Moreover, U.S. petroleum consumption is down over last year's levels. Schlesinger's oil hoax is not a crisis in supply and demand, but a matter of policy to impose what he terms a "neo-Malthusian model" on the U.S. economy.