

EIR seminars build national 'club' for progress

The *Executive Intelligence Review* held a seminar May 28 at the Sheraton City Squire Hotel in Manhattan on the U.S. economy and the newest capabilities of the *Review's* LaRouche-Riemann model to project its possible paths. Speakers were *EIR* economics editor David Goldman and Dr. Steven Bardwell, plasma physics director of the Fusion Energy Foundation and head of the team of mathematical physicists who have worked with *EIR* economists to develop the model.

A reception for *EIR* subscribers and FEF members followed the seminar, at which *EIR* executive Fernando Quijano hailed the American System of progress and technological expansion—"it's good business, too," he said. "We are the world's experts on anything that has to do with progress. This select group, the *EIR* subscribers, form a kind of 'club' of businessmen, scientists and labor, dedicated to the revival of the world tradition of republicanism. And *EIR*, with all its consulting capabilities, is at your service," Quijano said.

The seminar participants included corporate executives, labor officials, computer specialists, venture capitalists, and diplomatic representatives. They were attracted to the seminar for the same reasons audiences in Washington and New York were attracted to previous seminars: the LaRouche-Riemann model has demonstrated its superiority, both numerically and qualitatively, over all other "econometric" or input-output models now in use by government or large private institutions. It accurately predicted the hyperinflationary consequences Paul Volcker's credit policy has actually had, and has uniquely profiled the behavior of the U.S. economy under conditions ranging from trucking deregulation to energy "conservation." Moreover, because of the model's unique capacity to encompass the metastable effects of technological progress on all economic relations, the LaRouche-Riemann model is an invaluable programmatic tool, specially designed to project trends in respect to high-technology capital-formation policies in both the advanced industrial nations and developing sector nations.

Goldman opened by examining the significance of this spring's reversal of the capital goods order buildup, then reviewed in detail the evidence that the U.S. econo-

my has reached a point of negative productivity overall and terminally low productivity for the tangible output sectors. No parallels can be projected with the 1974-75 recession, he added; we are now living in an economy whose actual physical constraints on the ability to replace capital stock are unprecedented in American history. "If we built synthetic fuel plants," he said, "we wouldn't have enough steel and so forth left for our fossil-fuel utilities. But in fact we won't get to the point of building substantial numbers of synfuel plants, because the economy will be incapable of it." Goldman referred to the 1960s record as a standard for the difficulty of achieving the 3 percent annual average growth in real productivity which the model shows is required to put the U.S. economy into a recovery phase.

Causal relations

Dr. Bardwell began his presentation by noting the amazement a scientist feels at the proposition that economic growth can be "decoupled" from an economy's rate of energy use per manhour—an argument currently used to justify replacement of capital and energy with labor inputs.

The causal relationships determining the potential of an economy, Bardwell elaborated, are, first, the link between the educational and material standards of living of a labor force and its ability to assimilate higher technologies; second, the historically and thermodynamically close link between capital investment and productivity; and third, the link between the energy intensivity of an economy and its access to more and better "natural resources." "All resources are man-made," he commented, citing petroleum's status until the 19th century and Americans' confidence in the 1950s that by the time they ran out of uranium for nuclear fission fuel resources, higher technologies would have been brought on line.

Bardwell reviewed in detail the reasoning—and debates—that produced the model's translation through Riemannian mathematical functions of thermodynamic relationships into economic ones. More briefly, he laid out the fallacies of steady-state economic models—"they produce mere tautologies," he said in conclusion, "and ones that diverge from reality, because an economy has to either grow or die."

Bardwell was asked about the differences between the Riemann-LaRouche model and other modeling efforts to use nonlinear equations, which led to a further discussion of singular properties and evolutionary discontinuities as expressed mathematically. Other questions addressed the reasons for the variations in 1979-80 sectoral output and profit declines in the U.S. economy.

EIR will expand its "club" by holding seminars in Hartford, Connecticut June 4, in Philadelphia on June 11, and in Houston on June 16.