Real economics vs. virtual reality

Lyndon H. LaRouche, Jr., in his keynote address to the Labor Day conference of the Schiller Institute and International Caucus of Labor Committees on Sept. 4, underlined that the world is presently in the final phase of disintegration of the global financial system, a collapse which was set into motion in August 1971, when President Nixon took the dollar off the gold-reserve standard. That year, he said, "was the point at which Hell began to break loose."

The crisis that is soon going to finish off this bankrupt world economy, LaRouche said, is going to occur on the watch of the present, incumbent President of the United States, Bill Clinton. Given the authority and influence of the United States, the President of the United States is *the only figure on this planet* who could implement the measures required to prevent a worldwide catastrophe, a New Dark Age. And it is therefore essential that President Clinton adopt, very soon, certain policies which will bring about a New Bretton Woods financial system: a system based upon the conception that "each nation-state is governed by a commitment to the principle of the general welfare, and that all nation-states each recognize that their well-being as independent nation-states, and their security, depends upon applying the same notion of general welfare to the world as a whole, to all nation-states." (See last week's *EIR* for the full text of LaRouche's speech.)

Proceeding from the conceptual standpoint provided by LaRouche, on Sept. 5, *EIR*'s Economics Staff presented a panel on "Real Economics vs. Virtual Reality," which we publish in this section. In it, they documented how the present crisis—whose very existence, to this day, many people will not admit!—came about. The economics panel was organized as a conceptual unit, drawing on much of what has been published in *EIR* over the past few years.

First, John Hoefle gave a report on how "great" the financial world looks from the vantage point of "virtual reality." His talk was titled "Virtual Economy vs. Real Psychosis." Using the same jargon from public television's "Wall Street Week" and other financial shows, Hoefle demonstrated to the audience the insanity of viewing the spread of financial cancer, as economic "growth."

Speaking next, Marcia Merry Baker used a series of photographs and graphics to demonstrate the economic decline in the U.S. economy, by looking at a U.S. farm county and a factory town, in the 1960s—when the U.S. economy still "worked," whatever its flaws—compared to the situation today, when it doesn't. Even the landscape itself has changed dramatically, in ways that are obvious once the talk of "economic boom" is put aside.

Richard Freeman then took up the foremost question posed by the panel, and the conference itself. What makes for a real recovery, rather than virtual reality? His topic was, "The Machine-Tool Principle: Collapse of an Essential Feature of the Economy."

The panel concluded with a short report on Malaysia, on the occasion of the first anniversary of the economic national interest measures taken by that country, on Sept. 1, 1998, in resistance to the demands of the International Monetary Fund that nations must submit to austerity and destruction. Recent Malaysian television footage showed industrial and infrastructure scenes, including assembly-line production of the Malaysian "Proton" car, production of integrated circuitry for export, and scenes of mass transit and construction. An upcoming issue of *EIR* will carry a much more detailed report on Malaysia's actions, by Gail Billington and Richard Freeman.

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