Editorial

The Fall of Ozymandias

The political and monetary authorities of the United States, and in particular, Fed Chairman Alan Greenspan, now stand in the shoes of the last party chief of Communist East Germany, Erich Honecker. At the regime's 40th anniversary in 1989, Honecker pronounced that it would last another thousand years; a few months later, that regime was a thing of the past. So it is now with that period of "phony prosperity," which has been linked to Greenspan's reign over the vast U.S. bubble of debt, trade deficits, and "consumer spending."

Mr. Greenspan himself, having brought himself to say publicly that the U.S. economy is heading for disaster, could not bring himself to actually lower interest rates—for fear that that might make the disaster even worse. President-elect Bush says he is in search of Cabinet appointees "who can calm the markets." Meanwhile, Energy Secretary Richardson repeats more and more shrill warnings that electricity blackouts may be about to hit many areas of the country, in the midst of a cold Winter—but cannot bring himself to say "re-regulation." In the Pacific Northwest and New England in particular, panic among firms and citizens is beginning to spread—not to speak of the mood on Wall Street.

Lyndon LaRouche, and he alone among economists or political leaders, is vindicated by what has now happened. What has happened is far more than problems in the financial markets, which are more like the canaries in the coal mine, than the mine-collapse itself. It is the layoffs, closures, cutbacks, profit warnings, bond failures and defaults, the sudden explosions of energy commodity prices . . . all these manifestations of the cracking of the debt bubble. The vast and highly-leveraged pyramid of margin debt, derivatives debt, collateralized debt, is "de-leveraging"—disintegrating by pieces. This is what LaRouche, since his internationally-known "Ninth Forecast" of 1994, has been forecasting to every government and political or social leadership in the world. Turn this around—put this debt pyramid into orderly forms of bankruptcy and start a new credit system, a New Bretton Woods among industrial and Third World nations; re-regulate; put credit into Great Projects of economic infrastructure;—or you will end in disaster. The political and monetary authorities of the U.S., and European nations, have insisted that the "IMF rules" must be followed forever, and that the U.S. could go on indefinitely as the consumer of last resort for all of the cheap produce with which the entire world could subsidize it. They have warned the Asian nations, in particular, against taking steps out of the IMF, in the directions recommended to them by Lyndon LaRouche.

LaRouche's authority is uniquely established by the appearance of reality, as only he said it was going to appear, soon, and with disastrous force. Those leaders and citizens who acknowledge that, will not panic, but act on the urgent recommendations LaRouche has made.

He is also the political leader and economist who, as candidate, has fought for the cognitive powers of the citizen, the student, and those in elected office: their powers to think, change their ideas, act on the truth. It is this quality, he says, which is the source of their rights as citizens. That power of knowledge, of changing their ideas, gives them the power to *organize* change. This is the power with which the nations of the human race overcome such a collapse of economy and authority as is occurring now.

The collapse should not be a cause for panic, even by those hardest hit by it. Those authorities who admit, now, that they don't know what to do, have not known what to do for years. The good news is that LaRouche does know what to do. This crisis should be the cause for optimistic, resolute action to reverse the policies—deregulation, deindustrialization, "new economy," "shareholder value rules"—which have caused the collapse.

Obviously, the leader who knew this was coming—as the Bush team, clearly, did not—should have become President. Act as if he were.