Editorial

When They Say Snow Is Black...

Among the more telling remarks made by that archenemy of humanity, Lord Bertrand Russell, was his assertion that the test of an effective education was to produce in the student the "unshakable conviction that snow is black." Some aspects of the current political debate on the global economic/financial breakdown crisis raise the question as to whether this condition has now been reached.

Take, for example, the statements made Nov. 19 by four economists on a telephonic press conference, in support of a new Federal government "economic stimulus," in response to a question from *EIR*. Our reporter asked the four why they hadn't emphasized that the cause of the economic collapse sweeping the globe was the breakdown of the financial and banking system, or discussed the need to reorganize the financial system in bankruptcy. All four, three of whom came from allegedly Democratic think tanks, vehemently agreed with the statement made by Dean Baker of the Economic Policy Research Center: "I think we stopped the financial collapse!"

He might as well have said that snow is black!

Of course, the Bush Administration itself has been at pains to try to support a similar assertion. But with each crash of the markets, or announcement of mass layoffs, or declaration of corporate bankruptcy, whatever "technical" interpretation Treasury Secretary Paulson is trying to put on the figures looks more and more ridiculous. And why would the so-called opposition be agreeing with Paulson and Fed chairman Bernanke's assertions that they had stabilized the financial crisis?

The only explanation is that *none* of these economists are in the real world, or, if they are, are too terrified to admit that reality. To them, the economy basically comes down to the question of money—where it is, and where it isn't, who has it, and who doesn't. They are prepared to pass judgment on the morality, or usefulness, of how the money is distributed. But they will *not* face the fact that the whole financial system on which this money is based, is kaputt—and must be replaced. They might as well be playing a game of Monopoly (and, under the current Fed system, that's about what the currency will be worth!).

Real economy, on the other hand, as was defined by Gottfried Wilhelm Leibniz, U.S. Treasury Secretary Alexander Hamilton, and Lyndon LaRouche, concerns the physical principles by which a society reproduces itself. Thus, what must be measured is the production of the goods and services, the capital goods required for that production, the infrastructure upon which that production depends, and the productive powers of labor itself (dependent upon the creative powers of mind). None of this can be measured by money.

It is endemic among the Baby Boomer generation to believe that the U.S. economy, which has been collapsing consistently ever since the late 1960s, has progressed over the past 40 years, because "everyone" has more money! But, what will that money buy? What standard of living can it buy? And how much of it is nothing but debt?

Does no one today realize the irony of the prevailing practice of counting consumer *spending* as part of the Gross National *Product*?

There is reason to hope that the general population is not as "well-educated" as Russell hoped (and as the economists are), and will thus revolt against the raging depression, in favor of creating a new economic/financial system based on sound physical principles. Will it happen in time? That truly depends upon what you, dear reader, choose to do.