

## Editorial

### *Stop playing the perception game*

The weakness that has brought the United States and the world to the brink of a planetary New Dark Age, is an erosion of both material and spiritual-political strength, such that we are lacking the raw power, and, more significantly, the political will needed to use that power effectively. One sign of this is the willingness of major players in the *political game* to manipulate popular opinion, rather than to present serious policy issues for discussion.

The drift into a *post-industrial* utopia, in which the direction of popular-opinion-shaping is largely defined by a radical counterculture, has destroyed the economies and the military potential of nearly all non-Communist industrialized nations. These economic constraints are variously the cause or the rationalization for the lack of military means to defend our civilization. Large sectors of the population increasingly have lost any hope that things can be different. Cultural pessimism grips the citizens of the West, destroying the essential quality which has differentiated us from Soviet culture.

The quality of decision-making by leaders of government has been correspondingly affected.

The actions taken to delay a financial crisis until after the November 1988 election, may perhaps have seemed a welcome respite, but they have in fact aggravated the crisis enormously, relative to what it would have been had it occurred during the first half of 1988.

A financial bubble has been created which rivals the worst period of the Weimar Republic's hyperinflation. The apparent relative health of the economy is a case of the perception game run amok. In fact, as the latest statistics show, the GNP is growing because of increased business inventories and food-price hikes.

There is no way that the financial bubble, sometimes known as the Reagan recovery, which was generated beginning in October 1982, can be brought under control without wiping out one-half or more of the nominal financial assets accumulated in this way. The

same measures that have postponed an eruption of the crisis, will make it far more severe when it occurs—as inevitably it must.

The problem is that those who wished to play the perception game, using GNP statistics to bolster their claims of the health of the economy—despite evidence to the contrary in the decline in industrial production and increase in the number of farmers driven off the land—these same people have convinced themselves of the magic of GNP.

As long as GNP increases, Washington and other relevant locales pronounce the process one of economic expansion, so that the realities of per capita and per hectare energy available, or the rate of investment in advanced technology, or the number of babies born drug-addicted, are cheerfully ignored.

It appears that the Reagan administration sees an economic priority in preserving financial institutions, rather than in protecting the real economy and living standards. Even when it comes to saving financial institutions, they appear to have made the choice of sacrificing troubled savings and loan institutions, in favor of bailing out the large banks such as Continental Illinois. The problem here is that it is the savings and loan institutions which can act as a conduit of credit into the real economy where it is desperately needed.

We cannot tolerate the continued collapse of farms, industries, and basic economic infrastructure. We must maintain and expand the levels of employment in both the production of useful physical goods and development and maintenance of basic economic infrastructure, using investment tax-credit incentives and competitively low borrowing costs for such investments, as an instrument for fostering stability and growth in per capita physical output.

This is the basis for our present and future economic strength, including the real strength of the dollar. If we succeed on this account, we have the means to succeed on all fronts.