

## Editorial

### *You haven't seen anything yet*

The fact that there was yet another wild fluctuation on stock and bond markets around the world on July 5, became the occasion for the latest journalistic flurry. Exemplary was coverage in a British weekly, the *Economist*.

The cover headline for the July 8 issue began, "If Wall Street Crashes . . ." And the four-page feature to which it referred pointed to the extreme overvaluation of U.S. stock prices, which have increased by \$2.4 trillion in the last 18 months. But what this mouthpiece for British banking interests argues for, is not the restriction of speculation, but the globalization of all financial institutions under the control of an International Monetary Fund-led banker's dictatorship.

Another article in the same issue has the headline: "Would a Crash Cause Economic Disaster?" In it, the *Economist* poses the danger of a 1929-style Wall Street crash, to be followed by massive unemployment. The *Economist* evokes the memory of bank closures, soup kitchens, the dust bowl, and long lines at unemployment centers.

Articles such as this are not entirely dishonest. Leading financial policymakers recognize that the entire financial system is ready to "blow," and frequently they are overcome by panic; but, so far, this has not led to any serious moves on their part to accept the reality of what Lyndon LaRouche has been saying for decades. The financial system is bankrupt, and it must be put into bankruptcy reorganization as a precondition for establishing a viable credit system in order to rebuild the physical economy.

The viability of such a new system would not be based upon sucking the blood from the existing economy by ever-greater austerity measures, in which whole sections of the world's population are ruthlessly triaged. It would instead be based upon investment in the kind of major infrastructure projects which are exemplified by the just-concluded customs agreement among China, Pakistan, Kazakhstan, and Kyrgyzstan to enhance trade throughout Central Asia along the old Silk Road.

While, initially, this increase in commerce is

planned to be accomplished using highway transport, ultimately, success of such ventures demands the construction of new railroads, and major flood-control projects such as the Three Gorges Dam.

The downswing in stock and bond prices on July 5, was not as severe as what occurred on Black Friday, in 1987. A 115-point decline in stock values today, corresponds to only slightly more than a 50-point decline nine years ago, because of the extremely inflated value of stock prices. As a point of comparison, on Oct. 19, 1989, the Dow Jones Industrial Average dropped from 2,246.74 to 1,738.74, a drop of 22.6%. This made it the biggest drop in Dow history, both in terms of points and of percent.

On Oct. 20, 1929, the Dow dropped 38.33 points, which was 12.8% of its value, and the next day went down by an additional 11.8%. For a fall comparable to that of Black Friday 1987 to occur, the market would have to fall by 1,280 points in one day. Why, then, the panic?

Clearly, the stock market panic-mongering is symptomatic of the deepest fears of the oligarchy that the system may really go out of control, without them having the controls in place to enforce a one-world government. Either way, if these present-day Nazis are not rapidly stripped of their massive financial and political power, then we will see a genocidal collapse of civilization on a scale far more brutal than that of any of the atrocities yet suffered by mankind.

In response to July 5 market oscillation, LaRouche commented on the foolishness of the excitement at what was in reality a mere perturbation of the markets. In light of the enormity of the real situation, he described this as analogous to the case of a patient already suffering a 104° fever, whose temperature goes up slightly.

The pundits who are now writing scare stories in the press, have not noticed that the patient is already half dead. This is the reality behind the austerity measures which are now being enforced on the world's population. The speculative fever will inevitably break—the question is, will the patient be saved?