

## Editorial

### *Throwing gasoline on a fire*

The world's financial and monetary system came dangerously close to melting down in the last days of Black October, the system saved—only seemingly—when governments and central banks threw huge amounts of money into the breach to stop the collapse. Their efforts did stop the immediate meltdown (as of this writing, the system is still standing), but they did not solve the problem. In fact, they only made it worse, by increasing the size of a speculative bubble, the existence of which is a dire threat to every man, woman, and child on the planet.

LaRouche's comparison of the latest "bailout" to throwing gasoline on a fire, stems from his scientific understanding that the financial bubble grows by looting the physical economy, in the same way that a parasite grows by feeding off its host. The actions of Federal Reserve Chairman Alan Greenspan and company, increase the rate of cannibalization of the productive sector of the economy, and decrease the standard of living of the population; thus their "success" in temporarily postponing an inevitable collapse, makes that collapse all the more certain.

To understand why the very existence of this bubble is deadly, one must understand that the science of economics depends upon mankind using the power of reason to develop and deploy, at ever increasing rates, technologies that increase the productive power of human labor, thereby increasing the rate at which society can produce wealth. A sound economy must therefore be organized to develop the power of reason in each person, and those minds must be put to work pushing back the frontiers of science and designing and building new technologies to put the resulting scientific discoveries into action. In a sound economy, a majority of the labor force would be involved in the physical production of goods, research and development, infrastructure projects, or essential services such as education and health care. We would be developing nuclear fusion, magnetic-levitation transportation systems, and building new cities on Earth and in space, with each generation more advanced and wealthier than its predecessors.

Contrast that type of society to today's society, dominated by the British Empire-centered international financial oligarchy, which treats the world as if it were their private plantation. Need more money? Work the slaves harder! Too many mouths to feed? Kill off some slaves, preferably by working them to death, or getting them to kill each other! Keep them in line, by making them stupid, terrified, and little!

The continuation of the financial bubble, like the plantation system, depends upon the ability of its controllers to suck wealth out of the economy at an ever-increasing rate. But this is a self-limiting system, in that the more the physical economy is drained, the less wealth is available for future looting—inevitably, the amount of money available to the bubble will be less than is required to keep it growing, and the bubble will collapse.

That is the situation facing Greenspan and his comrades. There are, conservatively estimated, some \$100 trillion in derivatives outstanding in the world today, with an annual turnover of financial instruments worldwide exceeding \$1 quadrillion (\$1,000 trillion). To service this market, requires an ever-increasing amount of cash, which must be taken out of the physical economy. Money that should go into education, health care, infrastructure-building, research and development, and related essential functions, is instead being diverted into the bubble, weakening the productive sector while increasing the financial claims against it. Like the proverbial 1,000-pound flea on the 50-pound dog, the system is unsustainable.

The U.S. economy illustrates the point. Since about 1970, the productive side of the U.S. economy has declined by some 50%, while the financial claims against that economy have risen hyperbolically: In 1970, there were \$2.50 in financial claims for every dollar of Gross National Product, whereas today there are some \$8.80 in claims for every dollar of GNP. Today, there are \$66 in claims for every \$1 of the M1 money supply, and \$13.75 in claims for every dollar of M3. Inflating those claims, as Greenspan and company did on Oct. 28, only makes the crisis worse.