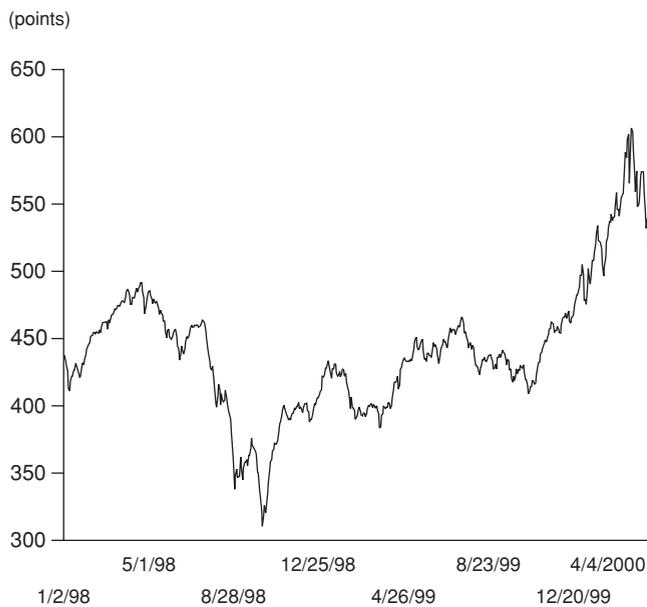
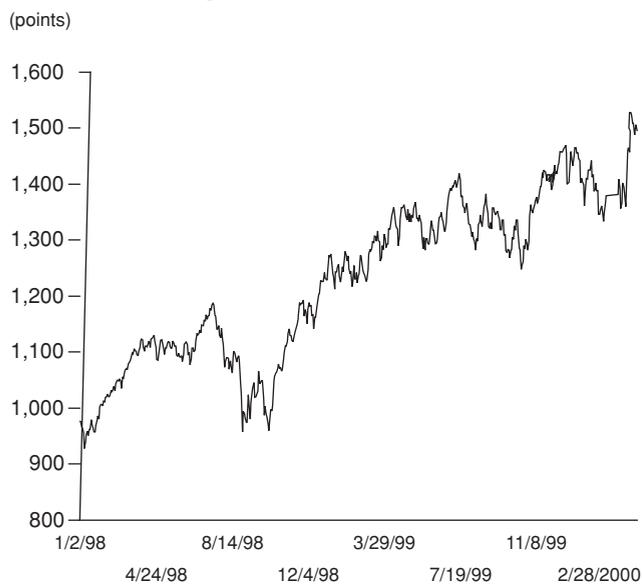


FIGURE 8  
**Russell 2000 index, Jan. 2, 1998-April 4, 2000**



Source: *Wall Street Journal*.

FIGURE 9  
**Standard & Poor's 500 index, Jan. 2, 1998-April 4, 2000**



Source: *Wall Street Journal*.

## EIR study debunks 'New Economy' myth

by Elisabeth Hellenbroich

Just at the point when European governments, in hysterical denial of the inevitable financial crash now under way, are betting on the success of the much-touted American model of the "New Economy," the German EIR Nachrichtenagentur (EIRNA) presented a new study thoroughly debunking the entire "Myth of the Information Society."

Speaking in Berlin on April 3 before an audience of press, embassies, assistants of several parliamentarians, representatives of the German Chamber of Industry and Trade, economic associations, universities, and research institutions, EIRNA's Lothar Komp demonstrated how groundless the so-called U.S. economic boom and the euphoria over the Internet market really is. The supposed upward growth of the totally overvalued Internet market will soon turn out to be a nose-dive, he said. Moreover, according to the prognoses of leading economic experts and the American financial journal *Baron's*, most of the Internet firms will be bankrupt by the end of the year.

Komp showed that the so-called "New Economy" boom in the United States, is based on a gigantic pyramid of debt, a trade deficit which is growing ever larger, and a speculative stock market bubble which has made some into millionaires in recent years, while the real incomes of most people in the United States have drastically contracted between 1977 and 1999.

### A 'false spring'

"The Rise and Fall of the Post-Industrial Society" was the topic of a presentation by Dr. Jonathan Tennenbaum at the same event. Tennenbaum demonstrated that the model of the post-industrial society—repackaged more recently as the "information society" and the "new economy"—is a "false spring." The characteristic of this deception, is the plundering of the real physical economy, a predatory practice which aims at short-term profit at the expense of long-term investments in the maintenance and expansion of the physical economy.

If one follows the basic assumption of the information society, Tennenbaum asserted, then only 5% of society would be employed in the productive sector, given the supposedly growing productivity of the information sector, as it is called, while the rest would be employed in the services sector. That assumption, however, is absurd: "A post-industrial society which destroys its own physical foundation by cannibalizing

its own base, is incapable of securing the material needs of the population, even the 20% of the workforce productively employed (at the beginning of the 1960s, the ratio was still 50%).”

The progressive rationalization of production, and the decimation of the highly skilled workforce in high-technology areas such as the aircraft makers Boeing and McDonnell Douglas, has led to an accumulation of accidents and disasters in recent years. “Experienced engineers have been supplanted by a generation of software specialists who are incapable of solving the creative problems that arise only with the aid of the relevant practical experiments. The only alternative to the post-industrial information society,” Tennenbaum said, “is the development of an industrial society which is based on the search for truth as the motor of the economy.”

A productively growing industrial economy has to function the way the United States did, in approximation, at the beginning of the 1960s during the Apollo Project to land men on the Moon. Each invested dollar at that time yielded more than \$10 of profit for the American economy, in the form of increases in productivity and improved education. “The task again today, is to overcome the limits of knowledge in the areas of aerospace and technology with new, creative ideas,” Tennenbaum said. That, in turn, is only possible if there is a vast increase in new technological development.

An important driver for the development of the world economy, is the urgent task of assuring adequate infrastructure for 6 billion people over the next 30-40 years. The full construction of the Eurasian Land-Bridge as proposed by Lyndon LaRouche and others, is the essential component of that effort, along with the general development of all of Eurasia and a focus on high-technology areas such as the settlement and establishment of science cities on the planet Mars.

### **Zepp-LaRouche: America has gone mad**

Helga Zepp-LaRouche, chairman of Germany’s Civil Rights Movement-Solidarity party, spoke at the conclusion of the seminar. Mrs. LaRouche compared the situation in the United States with the cultural matrix of the collapsing Roman Empire, where an increasingly banalized population was entertained with bread and circuses, and the *vox populi* (literally: “the voice of the predators”) was elevated to become the standard of social behavior. In the United States today, she said, this can be readily seen in the brutal television programming and video games, which are used for “virtual training” that turns children into killers—as the massacres at Littleton and elsewhere have shown in a shocking way. The virtual reality of video games has led to an alarming increase of violence among youth, while abuse of the inalienable rights of all people, guaranteed by the U.S. Constitution, is on the rise. The U.S. courts are likewise following along with this trend, with the American system of law being systematically gutted. Mrs.



*Helga Zepp-LaRouche addressed a conference in Berlin, releasing an EIR special report on “The Myth of the Information Society.”*

LaRouche cited the example of California, where minors are tried and sentenced as adults, and pointed out that California has just approved the expenditure of \$1 billion for the construction of new prisons.

Commenting on the political situation in the United States, Mrs. LaRouche stated bluntly that the country is indeed in the process of becoming transformed into a fascist state. She cited the current Presidential campaign as an example: While on the Republican side, George W. Bush is betting that the inevitable crash on Wall Street will mean the end of the Al Gore Democratic campaign, thereby crowning Bush as the new Herbert Hoover, large portions of the U.S. electorate do not participate in the election at all, chiefly because the leadership of the Democratic Party has set everything into motion to drive voters away, blatantly violating even their own “democratic” rules, and using fascist methods to sabotage the election campaign of the Franklin Roosevelt tradition within the party led by Lyndon LaRouche—the only Presidential candidate who has been warning about the crash, and who has been putting forward his alternative proposal for a New Bretton Woods system.

The Democratic Party leadership, she reported, can also now hide behind the latest unconstitutional decision by the U.S. Supreme Court to annul the 1965 Voting Rights Act.