

Editorial

An end to virtual reality

The holiday season this year is a bitter experience for many, many families. Not only are there those who have been cut off from social welfare, but even for so-called middle-income families, with both parents working, it is becoming increasingly difficult to make ends meet, far less to provide that little bit extra.

Forget what the politicians say, what you are hearing on television, and reading in your daily newspaper. There has been no economic recovery; to the contrary, there is a world-wide economic depression. The situation is becoming increasingly bad in the United States, but in Africa and Russia, it is desperate.

Sure, stock prices are going into the stratosphere. It is the biggest financial bubble in history, but, contrary to the wishful delusions of the virtual reality experts, this is the harbinger of a collapse of the entire financial system. Every financial institution is enmeshed in this feverish speculative binge. The turnover is about \$3 trillion per day, on the international financial markets. This \$3 trillion is one-half of the annual calculated gross national product of the United States—and it is turned over every day, 365 days a year.

The end result of this speculative binge will be the global equivalent of what happens to any poor sucker who borrows more and more money to pay for gambling debts. One day the loan is due, and the message is given: "Your money or your life." In the case of this bubble, it's your life which is on the line, as well as the existence of banks and financial institutions everywhere.

What we will then be looking at is a chain reaction, in which people will rush around trying to somehow protect their position, while the stock market, derivatives markets, and the banking system are collapsing. This will not be a protracted event. Within as short as three working days, the entire financial system can come down.

This will be an implosion. There is simply too much debt out there with an insufficient margin of assets to cover it.

Now, let's look at how this will affect the average man and woman. It is not only that bank deposits will

be frozen, as runs on the banks begin to multiply. These days, most monetary exchanges are electronic in form. Credit and debit cards are taking the place of hard cash.

What does this electronic credit really mean? It means that the average man and woman depends upon a banking institution to guarantee his or her solvency—the ability to convert the electronic credit into the money needed to buy groceries and other necessities of daily life.

What happens when that banking institution no longer functions? You still have credit cards, and a check-cashing card, and so on, but none of it works. The machines are turned off.

What happens then at the local supermarkets? They, too, are functioning on electronic money in order to stock their shelves. Even if local stores are willing to accept chits from their steady customers, their shelves will rapidly be stripped bare, as the whole of the economy becomes paralyzed. Within two weeks, we can be seeing mass starvation everywhere in the world, except where people can depend upon crops which they or their neighbors grow.

In this situation, the federal government of the United States must be prepared to act rapidly—and here the responsibility will lie primarily with the President of the United States. He will have the implicit power to issue emergency Executive Orders to stop this global hemorrhage.

The President will have to put the entire banking and financial system of the United States into receivership, and at the same time get approval from Congress to issue at least \$1 trillion in newly created U.S. Treasury note credit, which will be earmarked primarily for major global development projects.

Only this can stabilize the world economy. The responsibility for preventing an incalculable international economic disaster will rest with the President of the United States of America; but, the program for turning the situation around, is that of Lyndon H. LaRouche. Nothing else will work. The time of virtual reality will have come to an end.