

Editorial

Economic Fantasyland

It's not only President George W. Bush who lives in Fantasyland about Iraq and the economy. As the world's leading nations were about to go into their annual meetings of the International Monetary Fund and the World Bank the weekend of Oct. 2, the IMF put out a world economic report claiming that the world economy is in the best shape it's been in for the three decades. Any sane person would have to ask, what have they been smoking?

Of course, the "evidence" which these fellows put forward to support their case was all a bunch of financial statistics that have nothing to do with the physical economic health of the system, much less the living standards of the world's population. There's not an area of the world, outside the glitzy oases for the rich and famous, which is not suffering worse poverty today that it has in the last 30 years.

The financial system itself is only being held together by the rapidity of the Federal Reserve's printing presses, and the speed of financial speculation. The banking systems of the United States and Europe are bankrupt by any reasonable standard—but no one with any reason is minding the store.

How long can the facade last? That is, as usual, a political question. But there is an accelerating buildup of crisis which points to an early breaking point.

For one thing, the crucial threshold of oil over \$50 a barrel has finally been crossed, and there is no ceiling in sight. Such a level, created by a speculative bidding on the futures markets, represents an unsustainable tax on large sections of the real economy of the world, and its effects are already being felt in heavily energy-dependent sectors such as the airlines. However, to the extent that various countries and industries operate on several-month-long contracts, the price rise has not yet caught up with them. It is about to hit.

The depth of crisis in the physical economy is also shaking the transportation sector of the United States. Specifically, the commercial airline industry is undergoing a new set of bankruptcy crises, hemorrhaging jobs, slashing wages, cutting pensions, and clearly portending shutdowns of whole sections of trans-

port infrastructure needed for maintaining a healthy economy.

In neither of these cases is it tolerable for governments to simply sit back and let the disasters happen. Earlier this year, economist Lyndon LaRouche called for re-regulation of oil prices, through bilateral and multilateral long-term contract arrangements, setting a band price per barrel of approximately \$25. Such a price would allow sufficient investment in new exploration, infrastructure improvement, expanded refinery capacity, etc.—while removing the speculative factor and continued looting of the real economy, to feed the financial bubbles. Such re-regulation is the responsibility of *governments*, starting with the U.S. government.

LaRouche has also proposed similar government action in the matter of the transportation crisis, calling for full-scale re-regulation and bankruptcy reorganization of this vital sector of the economy. The Interstate Commerce Commission used to serve such a function, ensuring that reasonably priced and timely service was provided to all parts of the country. There is ample historical precedent for it to be done again.

Such sector-specific measures raise the question of bankruptcy reorganization for the IMF itself, an action also long overdue, and called for in LaRouche's plan for a New Bretton Woods system.

But make no mistake. Even as they put out their rosy press releases, the bankers who run the IMF and World Bank *know* that their system is bankrupt. Their intent in lying is to simply get through the U.S. elections, and to have the conditions for imposing the top-down global fascist *post-crash* reorganization which will maintain their power.

The only thing that permits these powerful financiers to get away with this, is the cowardice and pessimism of those governments and citizens who want to continue to delude themselves about the economic crisis. In this situation, LaRouche's proposals are a clarion call for people to step forward and face reality, and solve the eminently solvable problems at hand. Fantasyland isn't going to last forever.