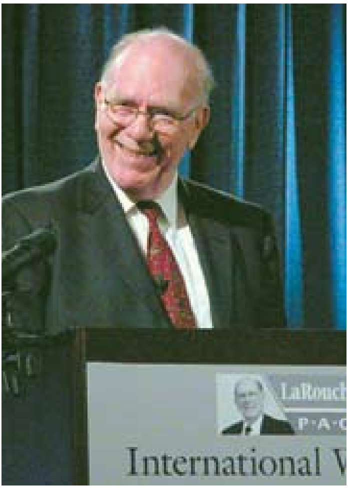
LaRouche Reviews His Economic Forecasts

As political leaders, economists, and journalists around the world now acknowledge—albeit often grudgingly—that Lyndon LaRouche has not only been right in his economic forecasts, but uniquely so, it is worth reviewing those forecasts, and what LaRouche himself has had to say about them.

In his famous webcast of July 25, 2007, "The End of the Post-FDR Era," which was intended as a prolegomena for a Democratic Party Platform, he said, "First of all, this occurs at a time when the world monetary financial system is actually now currently in the process of disintegrating. There's nothing mysterious about this; I've talked about it for some time, it's been in progress, it's not abating. What's listed as stock values and market values in the financial markets internationally is bunk! These are purely fictitious beliefs. There's no truth to it; the fakery is enormous. There is *no possibility of a non-collapse of the present financial system—none! It's finished,* now*! The present financial system can not continue to exist* under any circumstances, under any Presidency, under any leadership, or any leadership of nations. *Only a fundamental and* sudden change *in the world monetary financial system will prevent a general, immediate chain-reaction type of collapse. At what speed we don't know, but it will go on, and it will be* unstoppable*! And the longer it goes on before coming to an end, the worse things will get. . . ."*



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LaRouche forecast the current global financial meltdown at his July 25, 2007 webcast.

A few weeks after the July 25 webcast, LaRouche published a feature article in EIR, *Sept. 7, 2007. Here are excerpts:*

Science vs.Statistics: When Fate Hangs on a Forecast

The actual, strategic purpose and function of competent economic forecasting, is not to attempt to predict what will happen, but to cause it to happen.

Since LaRouche adopted Bernhard Riemann's method, no forecast of his has failed.

. . .The fact is, that, since the time, during 1953, I settled upon Bernhard Riemann's method of physical geometry, no economic forecast I have ever delivered, has failed; and, only by exception has that forecast assumed the form of what might have appeared, mistakenly, by some, to have been what is usually regarded as merely a prediction.

My first such forecast was short-term, crafted in the Summer and early Autumn of 1956, a forecast in which I foresaw the worst recession since the immediate post-war period, as probably scheduled to erupt before Spring 1957; it came on time, and lasted, pretty much as long as the accompanying agony of the young of the "white-collar" Baby-Boomer households, an agony which it produced, until about the time of the November 1960 general election.

My June-July 1987 forecast of a highly probable stock-market crisis for early October 1987, is notable for what some erring observers would consider to be a prediction, rather than what it was, what I define, categorically, as a forecast.

EIRNS/Stuart Lewis

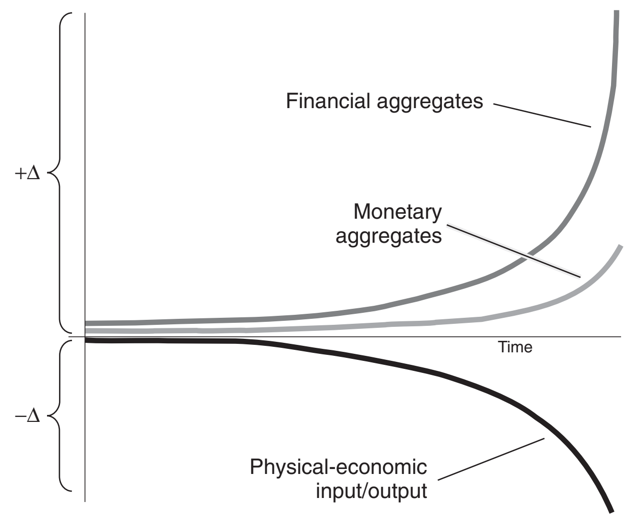
During the 2000 Democratic Presidential campaign, LaRouche forecast the development of a real-estate crisis within Loudoun County, Virginia.

Similarly, during the time of the 2000 Democratic Presidential campaign, I had forecast the development of a real-estate crisis within Loudoun County, Virginia; numerous among those who rejected that forecast were led by that error of theirs into making some very serious business or related mistakes, mistakes which will worry them now. In Gottfried Leibniz's uniquely original discovery of the calculus, all competent forecasting, even when it seems to point to a short-term prospect, is intrinsically the fruit of a method of long-term forecasting. As I shall indicate in the course of this report, there are scientific reasons why this is necessarily so.

At the time of LaRouche's first public forecast, of the 1957 Recession, Americans were lulled into a false sense of security by the one-eyed monster that began appearing in every household.

Thus, my outstanding forecasts, from the late 1950s onward, until my Democratic Prolegomena of August 3, 2007, have been relatively long-ranging. Thus, you have my major, long-range, now realized forecasts, from 1959-1960 onward, of that break in the Bretton Woods system, which occurred in mid-1971. You have, also, the forecast which I had developed in late 1995, but first published in January 1996 as a Presidential campaign statement featuring what is known as my "Triple Curve." We must focus our attentions on the misguided personal motives of those who have argued, some loud and

FIGURE 1
A Typical Collapse Function



In late 1995, LaRouche developed his "Triple Curve" function.

long, that I was "wrong" in any of these forecasts. All forecasts made by me then, and since, have been on the mark in respect to what I had actually stated, that in very carefully crafted terms on such occasions. The "Triple Curve" expresses, in appropriate symbolic forms, the dominant features of both the U.S. and world markets, combined, since January 1996 up to the present moment. . . .

The point is, that I had come to understand, more and more, and ever more clearly, how modern history works, and, what happens to societies which brush aside the kinds of strategic forewarning produced by the method which I have employed.

Considering the presently ongoing global financial crisis, the behavior of those who have sought to deprecate those forecasts, now becomes, clinically, most interesting; in most among the studied cases, the reason they rejected my forecast, is that they were, more or less hell-bent, on continuing stubbornly in a wrong direction, and my forecast spoiled the pleasure of their obsessive search for pleasure in their own dream-world's foolish, and often fanatical fantasies.

Right now, understanding the validity of my forecasts, and the method which my forecasts have correctly expressed, is pretty much a life-or-death matter for our own and the world's economy. On that account, my just recently issued Prolegomena for a Democratic Party campaign platform, also provides a valuable il-

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During Alan Greenspan's tenure at the Fed, the U.S. economy went down, down, down. A dubious Treasury Secretary Robert Rubin looks on as Dr. Greenspin bloviates.

lustration of the proper crafting and use of my forecasting method.

As for what have been often foolishly self-described by a silly press as my usually anonymous "critics," every interval of U.S. economic history under Alan Greenspan's tenure, has been one successive interval of ruin of our economy, after another, during all of which, the U.S. physical economy was ratcheting down, down, down. Those who rejected my forecasts usually had their own peculiar reasons, but, looking back, over the record of the recent decade and longer, those reasons were always of a similar character to the motives of the alcoholic, compulsive gambler, or political figure behind the wheel, who, like President George W. Bush, Jr., snarls, "I'm driving!"

Warning: Ideology at Work!

Since the LTCM crisis of August-October 1998, the most memorable example of a failed forecast has continued to be that caused by the prize-winning methods of Myron Scholes and his associates. That

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Myron Scholes' crack-pot financial scams "really took the prize," the 1997 Nobel Prize in Economics.

really took the prize, as the saying goes! At that time, President Bill Clinton and his U.S. Treasury Secretary Robert Rubin led the temporarily successful bail-out of a crisis-struck U.S. financial system. The effort was considered Herculean, and perhaps justly so; but, although the patient survived, temporarily, none of the causes for the LTCM crisis were treated, and, therefore, the crisis of 1998 has returned in a much more resistant strain, as the global monetary-financial breakdown-crisis of today.

The characteristics of the methods used to cause that crisis then, have been continued, in all essentials, by Scholes and others since, still today.

The exotic methods crafted and employed by Scholes and his like, have been, in a certain sense, actually a leading contributing cause of the present lurch to the brink of a general, chain-reaction form of global monetary-financial breakdown-crisis. It is time to get the mathematical witch-doctors off the case, while the patient himself might still be saved. . . .