



The Terminal Phase of the Bankrupt System: What Nations Must Do Now

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On April 20, U.S. Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr. addressed the founding conference of Australia's new political party, the Curtin Labor Alliance, by videotape. A half-hour version of the video was aired on public television stations in the U.S. primary states.

Here is the full address.

Well, I'm delighted to be able to be with you, at least in this form, today. I hope in the future we'll be able to do something better. But, I thought what would be useful today, in this circumstance, is to summarize, first of all, what the situation is, and how the world got to the point of disaster we're at now.

What has recently occurred, in terms of the collapse of the Nasdaq stock index, which has cost a great deal, is that uncounted amounts of money have been taken out of the pockets of people who had hoped they were becoming rich, who now find themselves extremely impoverished, and will find themselves more so. For example, we know that about 75%, about three-quarters of these companies which are associated with the Nasdaq index now, will essentially disappear in the course of the short term, actually, ahead.

We've gone through a very dramatic drop, which is comparable to 1987, 1929, in terms of market experiences here in the United States. There's been a temporary rebate. A lot of people lost money, other people came in and made money on the money other people had lost.

This was the biggest bail-out in history, the most hyperinflationary bail-out of markets which has ever occurred in world history, at least in known history.

So we're going to head, very soon, toward more bumps—which will be the final bump, and when the final bump will occur, is not certain. But the bumps will keep coming, and they will get worse, particularly as more and more money is poured into a constantly shrinking

world physical economy. Unemployment will increase, the rate of inflation is going to increase, until it suddenly collapses, as in 1929–31; and so on.

So, what I shall address, is to try to give you a lapsed-time picture, in a sense, of what has happened to bring about today, the kind of terminal phase of a world financial and monetary system, which I was already talking about in my lecture series, back between 1966 and 1973. Remember, it was in the middle of that time, 1971, that the old monetary system disintegrated, the old Bretton Woods System, and a new, foolish, floating-exchange-rate system was installed. And then, shortly after that, from '76, '77 on, we had a disaster called the Carter Administration, which did more to destroy the world economy, to destroy everything; everything that had made the U.S. economy and the European economy successful in the postwar period, was essentially destroyed by the Carter Administration, or shall we say, puppet President Carter, puppet of the Trilateral Commission.

And during that period, up to 1981, more was done to destroy the U.S. and world economy, than at any other time in this period.

Now, back in those days, back in 1966–1973, while I was still giving the lecture series—before someone in the FBI decided to have the Communist Party kill me (it didn't happen, as you will notice, but they planned to do it, and we have the documents to prove they fully intended to bring that about). So, I wasn't able to do that lecturing the same way I had before at various universities. So, that's why I pick that period.

What happened is this. As I said then, in that lecture series, I said, "What is happening to the world economy, is, you have to imagine a building, a factory building, back in the time before 1966, when we still believed in industry and agriculture. And you would have a factory building which might have on the top floor, or a side part of the building, would have some offices. And in the offices, would be a few people from management, the sales office, the clerical department, the payroll department, and so forth.

"But most of the rest of the facility, was occupied by production, industrial floor space, machinery, active with people busy at work, some extremely skilled, some less skilled. That was the way we operated.

"Now imagine that this building, pre-1966 vintage, a building in the days of Franklin Roosevelt or a building in the days of John Kennedy, is now beginning to be transformed. The old building is disappearing, and a new skyscraper is growing, becoming taller and taller and taller.

“Now, why is the skyscraper becoming taller and taller, while it becomes narrower at the base? The big factory space, two or three stories of factory space, with a few offices attached to it back then, it shrunk at its base, and it grew taller.

“Why? Well, because there were more offices. You had at the top floor, you had the executive suite, where those parasites called ‘chief executive officers’ resided. Then you had below there, the middle management crowd, in great numbers. The accounting department, other clerical functions; the sales functions—all kinds of functions.

“And meanwhile, the factory area of the building, was shrinking, and shrinking, and shrinking, till it finally came down to the point, that there was a little old man—eventually, one little old man—sitting in the basement, working at an anvil with a hammer, plink, plink, plink. And the day that that man retired,” I said, “the whole economy would disintegrate.”

Now that describes essentially what’s happened over the period from 1966–1971 to the present time. Large corporations, especially since 1987, have closed down production in the United States. From 1977, under Carter, they began to loot and destroy the farm system. 1979–1982: Under Carter’s appointment of Paul Volcker as Federal Reserve Chairman, the savings and loan industry was bankrupted by Carter’s actions, through Federal Reserve Chairman Paul Volcker. This went on.

1982: You had Garn-St Germain [banking deregulation legislation], in which George Bush’s friends went in to loot the carcasses of the ruined, bankrupted savings and loan industry. You had Kemp-Roth, which cut the taxes on the parasites and effectively increased the national debt, which had really been built and created by Carter; caused it to increase while cutting the taxes on the parasites who were ruining the economy.

And during this period, the industry became smaller, the investment in industry became less, that sort of process, until finally we reached the point, especially after the collapse of the Soviet Union, under George Bush, between 1989 and 1992 into 1993, the Russian economy began to be destroyed, and the world economy as well.

The worst damage to the U.S. and world economy since Carter on a world scale, has been done during the period that, unfortunately, well-meaning Bill Clinton was in charge.

So, what has happened, then, is we’ve been approaching the point—more and more people who used to be farmers are out of business. We get our food now from slave labor in foreign countries, or virtual slave labor. More and more of our industries are being shut down, the workplaces. We buy our goods from foreign countries, in which the labor is very cheap.

What do we do with our employees? Well, we send them out of the factories, to make a living by taking in each other's laundry, or in other words, to be employed in financial and personal services, which are nothing but make-work. They don't contribute much of anything to the wealth of the economy.

For example, you don't really contribute a thing to the economy, when you shut down the family kitchen, and go out and eat hamburgers at McDonald's. Now you have a guy who's being paid to cook a hamburger for you as your meal; you don't cook at home, and your cost of living essentially, effectively, goes up.

So this is trading somebody working at home to prepare their own family meals, for some guy now, or a bunch of guys, working in a joint, a fast-food joint, serving it for you. Some called this "increased employment," but this is just increasing the inefficiency of the economy.

In the meantime, to make matters worse, the average real income, as measured in physical market-basket consumption, the average real income of families per hour, of family life, per capita of family household, and per hour of employed work, is going down.

And thus you have a situation in which, over this period, especially since the Carter Administration, there's been a shift in the composition of income, such that today, the lower 80% of the family-income brackets of the population, now accumulates, in total, less than half the total national family income. And that's the process we've been through.

So we're getting to the point, by eliminating jobs, productive jobs, eliminating farmers, eliminating investment in infrastructure, and these things, we are destroying, systematically, the U.S. economy, the economy of Europe, the economy of Australia, New Zealand, and so forth. This is the process.

There is a variable rate as you go from country to country, different kinds of effects. But the overall trend is the same. In countries which were once the industrialized or agro-industrialized nations of the world, leaders in this area, these countries are being destroyed. And the characteristic is a shift away from employment in technologically advanced or relatively advanced employment in production of goods, physical distribution of goods, and in agriculture, and in improving basic economic infrastructure. The change has been in this direction.

The direction headed toward the office employment gets bigger, as the skyscraper goes up. The percentage of people employed to produce the products sold by these corporations, becomes less and less, until we're reaching the point that all that's left, is the only man who is

still skilled to produce a product, a little old man on the verge of retirement, sitting down in a basement underneath this tall skyscraper, plinking away with a hammer on an anvil and making something, which is the total real product produced by that whole edifice. And the day that little old man retires, or dies, the whole industry is finished. That is the direction we're headed in.

We've Survived by Stealing

What has happened recently, is we've entered what I've called the terminal phase of this process of self-disintegration of the world economy. I've addressed this in a number of reports, written reports, which are published in *EIR* or otherwise represented on my Presidential campaign website, describing this—the kind of new accounting principles which are required to get us out of this mess, and that sort of thing, identifying why a New Bretton Woods is urgently needed as the only remedy for avoiding the kind of catastrophe that that trend I just described represents.

We're now at the point, where one day, soon, you will see on a world scale, perhaps in one country at a time, perhaps in several countries at first, a phenomenon which engineers would recognize as the phenomenon of an earth dam beginning to disintegrate, and then suddenly disintegrating, flooding the entire area. That's what's going to happen to the financial system.

Why? What happened is, that up until 1997–1998, the way the system was functioning, was by stealing—looting Russia, looting developing countries, looting Mexico, looting South America, continuing to loot Africa; these were the ways in which the economies of the United States, Japan, and western Europe were surviving—by stealing, in this form. It was called the “new economy.” It was called free trade. It was called globalization. Really, the simple word for all of these complicated phenomena, is stealing.

We had the power. The United States believed that we were the only superpower left. Britain was our partner. And you had an Anglo-American alliance to loot the world, through financial looting, through control of the monetary and financial system: setting prices on other people's currencies, setting the conditions of their production, dictating their internal economic policies.

All that amounts to, is just good, old, plain, old-fashioned stealing. So the United States has been living by stealing, on the presumption that we are the only superpower, and therefore, we had the power to steal.

Look at, for example, the growth of the current-account deficit of the United States. That's the deficit, in terms of physical product and services, which the United States is importing, as

against what it's exporting. The difference, the shortfall, or the loss on trade account, is called the current-account deficit.

Now, the current-account deficit is zooming to rates of over \$400 billion a year. This would be worse, but for the fact that foreigners are investing up to three-quarters of a trillion dollars a year, in money flowing into the U.S. economy. So, in other words, we are operating currently, on a deficit, an annual deficit, substantially in excess of one trillion U.S. dollars a year. And this is called the biggest, most prosperous, best economy in world history—complete bunk. No truth to it.

So, what happened then in 1997–1998, was that the United States government was panicked by the emergence of what was called an “Asia crisis.” It wasn't an Asia crisis. It was a crisis of the world financial system. It wasn't a “Japan crisis,” it wasn't an “Indonesia crisis,” it wasn't a “Thailand crisis,” it wasn't a “Malaysia crisis,” it wasn't a “Korea crisis.” It was predominantly a Japan crisis.

The Japan yen trade area went down, because Japan is bankrupt. And Japan is told to keep getting bankrupt, because the United States says to Japan: “You print new money at zero percent, loan it at close to zero percent to speculators, who will buy the yen, by borrowing money to buy this yen.” They then use the yen they've borrowed, to buy dollars and western European and other currencies. Most of this flow then comes in to the United States, directly or indirectly.

Thus, Japan is driving itself into total financial bankruptcy by a hyperinflationary explosion. And Japan's printing of currency—which it's loaning, at close to zero percent—this flood of cash from Japan, as from Europe and from elsewhere, is coming into the United States. We're living on it. In other words, *we're living on borrowed money*. The incomes that people think they have, in the upper 20% of income brackets, are not profits of a healthy economy. *They're the loot taken by a very sick economy, becoming sicker.*

Now, how did the United States government respond to this phenomenon of 1997 and the following year's breakout of the Russian GKO bonds, in August and September of 1998? The reaction of the U.S. government to what was called the Asian crisis, was just plain insane. The reaction to the GKO bond crisis of August–September 1998, was even worse.

Now for a moment, President Clinton threatened to do the right thing. In a speech he gave in New York City, right in the lion's den—here's a Christian going into the lion's den and making a speech proposing to reorganize the structure of the world financial system, or saying that it has to be reorganized. Well, before the next month began and the Washington conference occurred, President Clinton had abandoned that idea.

What happened between the beginning of October 1998, through February of 1999, was that the Wall Street and London crowd, ran, through the IMF and through the U.S. government, and other central banks, a policy of generating a flood, a wall of money, to overwhelm crises by going to the printing press, looting everything, looting the mortgage system, looting everything else, to generate a vast wall of money, to buy up the financial values, to keep them from collapsing.

Weimar-Style Hyperinflation

In other words, what the United States and other governments did, was unleash a hyperinflationary process, comparable to what the Germans did in 1923 in Germany, which resulted in the Weimar hyperinflation.

Now, what happened, for complicated reasons, is the following. The Weimar hyperinflation was put into place when French troops occupied the Rhineland in Germany, for the purpose of stealing everything in sight, in payment of war-reparations debt imposed upon Germany by Woodrow Wilson and Company at the end of World War I, after the so-called Versailles conditions.

Germany made an agreement, under which the French troops would leave Germany, and stop stealing German food and industry, under which the German government was printing currency, in order to pay, in reichsmarks, the reparations debt, primarily to Britain and France, and indirectly to the chief creditor of Britain and France, the United States: the New York bankers.

What happened in the Spring of 1923, as this printing press process continued, under the Social Democratic government, is that this resulted in a bursting-out of inflation, hyperinflation. A slow rate of inflation up to that point, caused by these conditions. But then, in the Spring and Summer of 1923, this hyperinflation accelerated. It took off like a rocket. And you see it on the logarithmic scale; it's the best way to look at it. By October–November of 1923, the reichsmark printing presses could no longer keep up with the rate of inflation, and you had a virtual collapse of the reichsmark as a currency.

Now the reichsmark was bailed out by an agreement which had been reached in that period, early in the following year. The so-called Dawes Plan came in, and there was U.S. gold backing for a new issue of German currency, under which Germany was somewhat stabilized, for a while, until it began to disintegrate finally again, in 1928–1929.

These were the conditions under which Hitler came to power. This did not cause Hitler to come to power. But you see, in the Fall of 1923, the moment in which the Hitler movement

first became a significant political factor in Germany: the time of the collapse of the reichsmark in 1923.

Why? Because what happened then, is what's going to happen to the people in the Nasdaq area now. What's going to happen to people who are heavily involved in mutual funds, with money-manager accounts, and so forth, in the United States, but especially those who are in this so-called Internet industry, at least 75% of the so-called Internet industries today, of the Nasdaq now. These are going to collapse. They're going to disintegrate.

The savings, the money in the hands of this class of people, heavily concentrated within the upper 20% of the family-income brackets in the United States, is going to be wiped out. Margin calls, similar kinds of things: They'll be wiped out. People who are living in glorified tarpaper shacks in the outer suburbia of the United States these days, the shacks that price at U.S. dollars of \$300,000 to a million or more in price. And in some areas of the United States, \$2 million for a mortgage on a shack. It's a glorified tarpaper shack, like what we used to call tarpaper shacks. Made with different material, with chipboard, with a new kind of tarpaper substitute. And they stick on the outside a glorified Hollywood exterior, and somewhere they put in, for fancy touches, gold-plated or actual gold faucets in the bathrooms, things like that.

The people who have gone into hock, way over their heads, in this bubble of speculation, are going to be suddenly wiped out, exactly as what happened to large sections of the German population, which had relied upon cash investments, cash holdings in financial investments, in 1923.

In that period, the rage of this white-collar class, which was wiped out by the Weimar hyperinflation, turned their white shirts into brown. And you began to see the explosion of the Hitler movement, and what became the Hitler movement later on.

This led into conditions where foreign bankers intervened in 1932, and again in 1933, including the Harriman company in New York, intervened, together with the British, to dictate the overthrow of the existing government of Germany, and to put Adolf Hitler in as Chancellor, at the end of January 1933.

So, even though it was not this crisis which caused Hitler to come to power, the crisis created the conditions, the social and political conditions, under which Germany, following the rules imposed upon it by the occupying powers, the Versailles occupying powers, was able, through its bankers, the Harriman firm in New York City, the clearinghouse banks in London, to dictate to Germany the overthrow of the existing government and put Hitler into power.

We are faced with that kind of world situation today. You see it, for example, in the Blair phenomenon in Britain. Tony Blair: If you want to see a Mussolini of England today, there you have Blair, the perfect imitation, or a highly imperfect imitation of Mussolini. He's more stupid than Mussolini, and nastier, perhaps.

But it's typical. Just as you had Ramsey Macdonald in England in 1931. The 1931 crash of the British pound sterling, resulted in Ramsey Macdonald, a Labour minister—or shall we say, became “New Labour,” like Blair today; he became the fascistic dictator, as Prime Minister of England, after that event. That kind of process is going on today. That's the world situation.

Now, what's happening right now, comparable now? Remember, there is nobody to bail out the world system. There is no United States with a vast gold reserve, to step in and bail out a bankrupt world system. In the meantime, the system is doing the same thing to itself as a whole, especially from the top, that the German government did to itself, in 1923, under orders from the occupying powers. *We are hyperinflating at a rate which is far more rapid, on a global scale, than occurred in Germany in 1923. That is, the rate of the rate of hyperinflation, is higher, relative to the actual production base, than it was in Germany in 1923.*

Well, the result is inevitable. What happened, for example, in this past period? You had a Nasdaq collapse on the stock market, a really impressive one, 1987-, 1929-scale. What happened? A so-called “Plunge Committee” stepped in. The United States and other governments, banks, central bankers, stepped in, to pour in a new wall of money, to loot a lot of the poorer people, who had invested in the day-trading, or invested in this Nasdaq type of stock speculation. Wipe 'em out. We don't know how much is wiped out—maybe trillions were wiped out in this process. Then to pour in a wall of money, to buy up those foreclosed assets, put 'em back on the market at slightly elevated prices, and to create the illusion of a “dead cat bounce,” that is, of a temporary recovery of the financial system.

Meanwhile, at the bottom, it's rotting away. A trickle of rot going out, like an earth dam in the process of disintegrating. And that's what's happening now.

So, we are faced, very soon, by a skyrocketing rate of fundamental financial inflation—hyperinflationary. This hyperinflationary rate is *absolutely indispensable* to keep the present world system from collapsing. In other words, if they slow down the rate of inflation, the system is finished. If they continue the rate of hyperinflation, then the system blows up, as it did in Germany in October–November of 1923.

Establish a New Bretton Woods

So, therefore, there is a time-scale to this. The more they do to cure the crisis, the worse they make it.

The rule would have been, all along, 1997, 1998, to do exactly what I said had to be done: to establish a New Bretton Woods system, put the whole system into bankruptcy reorganization, wipe off this crazy debt, speculative debt, of junk bonds and so-called derivatives. Just wipe it off the books.

Reorganize the rest of the debt. Keep the economy moving. Take emergency measures, such as those that Franklin Roosevelt took of that same type, in the early to middle 1930s. Keep the communities functioning, keep the businesses functioning, keep the farms functioning, keep the industries producing, keep people employed, keep municipal tax bases alive, so communities don't disintegrate. Keep the schools open, keep the hospitals open. Keep things functioning, and rebuild.

We should have done that when I proposed it earlier, and we wouldn't have gotten into the present mess. Now, the mess is tremendous. By any ordinary standard, it would take us a quarter of a century to build our way out of the mess we're now in. If we keep going, it's going to get worse.

So the sooner the crash comes, the better. The worst thing that could happen to you, or could happen to many people, is if this economy does not crash sooner, than later. Because when it does crash, the catastrophe will be only bigger, maybe impossible.

We have finally reached the point, in the entire history of modern European civilization since the 15th Century, that once again, civilization as a whole, especially the European model of civilization, is at the point that the whole civilization could go into a New Dark Age for a period of decades, a generation or more, as happened in the 14th Century in Europe, the last time a general effort to globalize European civilization had been attempted.

This business of speculation, globalization, these changes since 1971 in particular, all of these have been wrong. They've been even evil. And that's what the problem is.

'The Pearl Harbor Effect'

Now, thus, we come to what I've described as a period in which the only thing that's likely to save us, is what I've referred to repeatedly as a "Pearl Harbor effect," as some of you who are old enough may remember this. But up until the beginning of December 1941, the general mood within the U.S. population, was, "There's a terrible war going on in Europe,

but we are not going to be directly involved. We don't have to go there. We're not going there again."

Well, December 7, 1941, and the following day, December 8, when the President of the United States, Franklin Roosevelt, declared war before the Congress and before the cameras of the world, there was a sudden change in the attitude of the U.S. population, which I saw first-hand. I saw it right on the streets. I saw it in the faces of people I knew, who had undergone a fundamental transformation from one day to the next. It's called a "Pearl Harbor Effect."

We are now headed for a Pearl Harbor Effect, in the terms of this inevitable, onrushing collapse of the present financial system. This will come soon, in one way or the other. It will come either because governments and central bankers decide they're not going to put any more money into the system, as Robert Rubin proposed in 1997, but he was overruled by Larry Summers and company; or, it will simply blow out in a hyperinflationary explosion, which nobody can stop.

So, either way, a near-term collapse of the system, is inevitable. No one can say what day it's going to occur, because they can still make a decision: At any time, central bankers can decide to put the brakes on, in which case the system will collapse. And they'll try to orchestrate the collapse so they survive, but the ordinary little people won't.

Or, they have a sense of fear, that they're not going to let it collapse. The way it's being run now, there's an effort, knowing that if this happens before the election, that the political ambitions of U.S. candidate Al Gore are finished—perhaps they're already finished. But there are powerful influences in the United States, who are trying to postpone this crash until after the November election in the United States.

Well, I don't think they'll make it. The system won't stand the strain of trying to do that. And the political strains are tremendous.

Or somebody, like the Bush side, decides to pull the string on poor idiot Larry Summers, and says, we're not going to do another round of this, that what happened in the recent Washington conference of the IMF, is the last time we're going to do this kind of bail-out. This is the end. If they decide that, the system will collapse then, into a big spiral of deflationary collapse. I mean, 60, 70% of stock market and related financial index values, suddenly collapse in a very short time period—a day, or two weeks. Any time they decide to do that.

Otherwise, if they don't decide to do that, if they decide to keep trying to bail the system out, the way the Clinton Administration has been trying to do recently, then the system will simply explode in a hyperinflationary explosion, and it's all over.

LaRouche's Economic Forecasts

So, those are generally the guidelines with which to understand what this process is. I think it's useful—it is to me—looking in the minds of many people, trying to understand this process. I say, “Well, look, I was talking about this kind of problem back in 1959 and 1960, when I first made a long-range forecast, in which I laid out some of the alternatives, trends, which seemed to be in conflict at that time. When I forecast then, that if the policies of the Eisenhower period were continued, we'd see the eruption in the second half of the '60s, of a major series of monetary crises, leading toward a breakup of the existing Bretton Woods system.”

That break-up happened. The monetary crisis of this type exploded in November of 1967, and the pound sterling crisis, exploded in the dollar crisis of March 1968, and a couple of other crises along the way. In 1970, for example, the Penn Central debacle, here in the United States.

1971: It collapsed. The Bretton Woods system was liquidated, and this newfangled system, the so-called floating-exchange-rate system, which has ruined us all, was put into effect. At that point, I said we're headed for a variety of fascist economy, that is, a Schachtian model, modelled on the same kind of policies that Schacht represented for Germany in the 1920s and through the early days of Hitler. And Schacht, of course, was a Hitler backer.

That is exactly what's happened. It's what's happened throughout the Americas, it's what's happened in Europe, it's what's happened around the world: that the Schachtian model which I prescribed as likely then, as something that had to be stopped, was inevitable, the inevitable consequence of what Nixon had done in August of 1971.

It happened that way. It unfolded. I warned against what would happen if Carter were elected. It happened. I warned about what George Bush represented, in my election campaign for the Democratic nomination in 1979 and 1980. It happened. The measures taken under Bush's friends, under the Reagan Administration, 1982. The Thatcherite measures taken when the Soviet system began to crumble, 1989 through 1992, these were all the things which I warned against.

The 1987 crash of October, which I actually forecast, predicted, at that time as most likely, occurred. The biggest crash up until the present time.

Then the unfolding, which I warned against in 1992 in an election campaign, I warned of the “Great Mudslide,” which is precisely what you can see, if you see the shift in composition of total national income—the shrinking of the percentile of the share of total national income, by the lower 80% of family-income brackets.

It’s precisely what I forecast as the end-result of this process, as either a deflationary collapse, the worst in modern history, or the worst hyperinflationary explosion in modern history.

That’s where we are now. So I think it’s very useful for you to try to understand what is happening now, to realize that nothing has happened, which was not forecast. And it was not forecast on the basis of a crystal ball, but on the basis of an analysis of the way economies work.

And this was well known. It was widely circulated in all influential circles in the world. But the policy-makers still kept clinging, to continuing those mistakes. They knew what was wrong. Others could have known what was wrong. But they continued to do it.

And what happened to them, is exactly what I expected would happen to them. The only thing that was uncertain, was the exact time-scale on which these alternatives would be presented. You can not predict an economy, because there’s a human factor, in which people will make decisions which it’s in their power to make, choices of decisions. And what date they will make those choices, is uncertain.

So therefore, you can not simply, statistically, predict the patterns of an economy in that way, not the breaking points. What you can forecast, are the principal features of a functional process, like a scientific process. You can forecast the functional process, under which the sequence of events will occur.

For example, if you heat ice, you’ll get water. If you heat water, you’ll get steam. If you continue to heat it, you get a plasma, a highly heated plasma. That process is predictable, in that sense. But the rate at which this occurs, depends upon the conditions under which these breaking points are approached, at certain so-called critical values.

All you can predict in an economy, are the critical choices which will have to be made. And you can predict also, what the consequences, in terms of the next critical choices to be made, will be, as a result of making the right or wrong choice at that point.

So if you understand it in that sense—see, the problem today is not to predict when something is going to happen, even though I can assure you that what I’ve indicated as the terminal state will unfold very rapidly now. What we can understand, what is comprehensible, what is rational, is to understand why and how such processes unfold, and

from understanding how they unfold, and why they unfold the way they do, to intervene with the human will, to change the rules of the game to define a new kind of process, one which works, as the alternative to continuing down this road to doom.

So, I hope that does what I intend it should do: to give you, perhaps, a somewhat better comprehension of what this process is, which is coming to an end now.