

## **Stock Market Crashes are an Important Warning Sign that the Economy is on the Wrong Track**

Excerpt from *Work & Capital* by Norberto Keppe

The most dangerous economic idea for society has always been the desire to live without working – either using speculative means to survive (like interest and stock investments) or relying on the privileges of birth (nobility, family wealth, etc.). In fact, this is the kind of lifestyle that causes a person to become totally alienated. And just as the aristocrats and the clergy eventually lost their positions of privilege, so too is the capitalist now making the same mistake, which will also cause him to lose his position very soon.

What happened to the Stock Market in October 1987 was only prices seeking their natural level. This kind of thing is like a fever which is a warning that there's an infection that must be fought. In fact, without the fever, the whole body would die.

Stock market crashes show:

- 1) that the economy is on the wrong track because it is based on speculation;
- 2) that the volume of money is greater than the market can bear;
- 3) that if we continue like this we are in a dangerous situation because the next fall will be worse than the others.

As we can see, the decline of the money market throughout the western world has been greater than in 1929, showing that the economy is suffering a worse collapse than at any previous time in our history. This is principally because speculation has taken the place of work, and people have lost the ability to cope with bad times.

It is not difficult to see that the first market crash in 1929 was merely a symptom of what is happening to the whole country's economy. It's a sign, like a crack in the wall of a house or the rumble that precedes an earthquake, of something breaking apart. At any rate, we are approaching the end of the capitalist regime of exploitation, which should have ended more than half a century ago.

An article by Paul Lewis (The New York Times, February, 1987) warns:

*"Today's six-nation agreement on stabilizing the dollar and accelerating world economic growth may not be sufficient to stop the dollar's fall in coming weeks, according to some experts involved in the talks."*

Note the inverted idea of journalists and economists that the development of a nation depends primarily on money! The European countries, devastated by World War II, owe their recuperation mainly to the industriousness of their people and only secondarily to the Marshall Plan, which poured billions of dollars into Europe.

Excerpt from **Work & Capital** by Norberto Keppe,

### **Stock Market Crashes are an Important Warning Sign that the Economy is on the Wrong Track**

I am writing about these opinions today so that in the future, when my predictions begin to come true, everyone will understand that Trilogical science, or better the consciousness of errors, makes it possible to know the world better. In fact, in 1984, after only three months here in the U.S., I saw the terrible social and economic situation that had developed and began to write a book on American decay. Few people believe what I say is true, and even now the various contacts we have at the *New York Times*, *Business Week* and *Time* still do not accept that the country has come to the end of the line, so to speak. Once again I reiterate it, so that five or ten or twenty years from now, those who read what I have written will know that we predicted this whole downfall long before it happened.

Francis M. Bator, in his article entitled “*How to protect the global economy?*” (*New York Times*, November, 1987) wrote:

*“The task of governments now is to protect the “real” economy – production, income and employment – from the downward pressure exerted on private spending by the shocking loss of recently acquired financial wealth (about one trillion dollars in the United States alone; \$14,000 per family).”*

We see that little by little, the term “reality” is appearing, which indicates that economists are noting that the economic situation has been extremely unreal. This alone represents a step forward: a small step on the long road that stretches before us.