
A Very Grim Fairy-Tale

Whatever Happened To Accounting?

by Lyndon H. LaRouche, Jr.

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Once upon a time, there was a mighty Empire known as “The Domain of Financial & Cost Accounting.” Suddenly, after a long reign, it vanished. Among the few living survivors of that cataclysm, almost no one ever spoke of it again; popular denial went to such extremes, that people reacted by attempting to walk through any space occupied by the rare individual so reckless as to mention the fallen Empire’s name.

Only one survivor knew the reason for the Empire’s fall. His existence was rarely referred to, and even he was regarded as a purely mythical existence, referred to on rare occasions as “The Prophet.” For them, in current, post-doomsday popular opinion, he was a purely mythical, Cassandra-like figure who had inhabited that Domain of Accounting which, like mythical Troy, had never existed, “after all.”

For a time, the archaeologists engaged in uncovering the shattered broken remains of that wasteland were gripped in vivid debate: “How and Why?” In the end, the archaeologists decided to agree: “Since history is always shaped by popular issues, and never by the ideas of rare individuals, popular opinion could never accept the suggestion that the ‘The Prophet’ had existed. Therefore, for us academics, as true and faithful believers in popular opinion, there will never be a plausible explanation of the causes for the fall of that Empire. It was the work of some Invisible Hand.”

What had really happened?

The magi whose rule-of-thumb number theories had ruled the fallen Empire, had set up a set of rules of accounting, by which they proposed to convince both the Emperor and populace, that the policies which they called by such names as the all-powerful deity Bottom Line, ruled the universe. Whatever the accountants presented, by their calculations, as the Voice of the Bottom Line, popular opinion applauded, and the Emperor, understanding nothing of importance about much of anything, put on his ceremonial facial expression of The All-Knowing One, and nodded in agreement as he decreed whatever the official Voice of the Bottom Line proposed.

The Trouble With All That was that there was no consis-



tency between the way in which the physical universe works, as a whole, and what the magi’s system described as cause-and-effect. So, the Bottom Line evaporated, and the Empire of Financial Accounting with it.

Had the accountants, as those magi were called, faked the figures? Yes, they had done that, more and more, as the Empire verged near its inevitable, ultimate collapse; but, that fakery was only a contributing factor in what would have been the inevitable collapse, even without such frauds. The doom reposed in the way in which the accountants charged costs and expenses, and rigged the result to puff the fiction of the Bottom Line. Thus, they cut the allocations of resources which actually prompted economic growth, and, in this way, in the name of Balancing the Books, destroyed the existing physical basis for growth, for the purpose of improving, fictitiously, the appearance of the Bottom Line. The magi, with their Gramm-sized minds, were destroying the physical basis for the continued existence of the Empire, with each step of fiscal austerity toward the illusory satisfaction of the Bottom Line.

The same forces of natural selection wiped out many an individual firm. Sooner, or later, the same bankruptcy would, and did overtake the Empire as a whole.