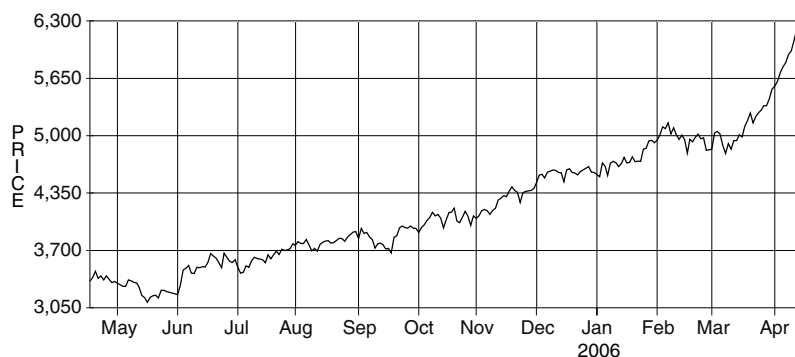


world financial system is already hopelessly doomed, the witting class of predators must have a “landing place” outside the bounds of such a general financial-monetary collapse. Essential raw materials represent that landing-place.

Therefore the rate of inflation of the rate of inflation in the market for primary commodities is the characteristic curve of the present world monetary-financial system. This rate of rate of inflation, as reflected in the concealed behavior of M3, is the curve which corresponds to the Weimar Germany hyperinflationary curve of June-November 1923.

Underneath it all, is Leibniz’s catenary-cued principle of physical least action, the fundamental principle of the Leibniz infinitesimal calculus and Leibniz’s original correct discovery of the natural-logarithmic function derived from the double-catenary characteristic of the least-action principle. The

FIGURE 5
Copper Prices
(April 18, 2005-April 17, 2006)



comprehension of such systems in general, is found in the work of Riemann on hypergeometries.

A Flood of Funds, Central Banks Feed It

Figure 2 shows the average annualized rate of inflation of the futures-market prices of a basket of 14 “primary commodities,” into which speculative funds’ money has been flooding, while their last gulf—the U.S. real estate/housing bubble—has started to shrink. The rates are shown for three periods: a year, followed by a quarter; followed by a month; graphically illustrating the continuing acceleration of the rate of inflation in those commodities. The commodities are: Brent crude oil, propane, and gasoline; the common plastic base HDPE (high-density polyethylene extrusion); the metals zinc, copper, aluminum, tin, lead, nickel, and platinum; and the precious metals gold, silver, and palladium. **Figure 5** shows the actual futures price of one of those—copper—over the last 12 months, as a sample which shows the same increasing rate of the rate of inflation as the basket of 14, without the brief, wild fluctuations shown by some of them along the way.

For 2005 as a whole, the futures prices of the basket of 14 primary commodities inflated by 27.3%; then in just the first quarter of 2006, they inflated by another 22.2%; and in April 2006 (actually, in *just the first 19 days of April*), by a further 14.9%.

The modern-era’s model for this accelerating inflation—*hyperinflation*—is 1923 Weimar Germany (**Figure 1**), particularly the June-November period of that year

which ended with Reichsmarks losing their value entirely.

The driver for this hyperinflationary process is hedge funds and commodity index funds pouring speculative money in, irrespective of any “fundamentals” of supply or demand. While forecasts had been that speculative funds flows into commodity index funds would increase from \$80 billion in 2005 to \$120 billion this year, the figure appears to already have reached \$100 billion by April. And these index funds are only one part of the huge flows from banks, hedge funds, private equity funds, derivatives speculators, and even the now-besotted “conservative” institutional funds like pensions. This flood of funds begets a second inflation driver—mergers. In gold, for example, since September 2005, there have been at least 20 significant mergers and/or acquisitions (M&A) in the global gold industry alone (compared to just 5 in the first half of 2005), reports Merrill Lynch. The same is true for aluminum, nickel, and especially energy companies.

Central bank monetary emissions are fueling this bubble process, the extreme point shown in **Figure 3** of Lyndon LaRouche’s Triple Curve Collapse Function. As LaRouche notes, the U.S. Federal Reserve, from its March 23 weekly report on, suddenly suppressed public release of information on its broadest money-supply measure, known as M3, although acknowledging that the Fed is, of course, still gathering and computing this information.

The rate of expansion of M3 has accelerated, even as the financial press abounds with talk of “tightening” by the central bank. For the 13 weeks ended Feb. 27, M3 had grown at a very high 8.7% annual rate. Since then, the data is “classified.”—*Paul Gallagher*