

## **EDITORIAL**

# Rising Energy Prices: It's Hyperinflation, Stupid!

by Claudio Celani

*This article was written for the EIR Strategic Alert weekly newsletter produced by EIR GmbH in Wiesbaden, Germany.*

Oct. 4—The 15-30% price increases for gas and electricity which have started to hit households in Europe, are only a fraction of the dramatic price increase of gas on the spot market, which has increased by 280% this year. This is close to the technical definition of hyperinflation, defined as a steady increase by 50% monthly.

Whereas the immediate causes for the energy price explosion are Green Deal policies, which have caused producers to shift from coal to gas; the hyperinflationary dynamic was long underway and needed only an opportunity to run rampant. Indeed, commodity prices had already exploded one year ago—hitting copper, lumber, wheat, and other commodities. Like today, establishment figures explained that price explosion with a “lone assassin” theory, namely the increased demand coming from the Chinese recovery.

Today, the “lone assassin” theory tells us that energy prices have increased because Zeus blew less wind in the North Sea, and the increase of the CO<sub>2</sub> price made coal too expensive. On top of this, bad guy Vladimir Putin is having fun turning off gas supplies to Europe.

The failure of renewable energies, especially in wind energy-dependent Great Britain and Germany, is a true factor, as it is the wicked decision to double the CO<sub>2</sub> price to further the “climate transition.” However, these are just opportunities that have been offered to the

financial markets to unleash a speculative assault. In fact, were it for the simple market mechanism of demand/offer, prices would not increase in a hyperinflationary way; they are doing so because all commodity prices—including CO<sub>2</sub>, which is traded as a commodity—are determined by financial bets on the futures markets. In other words, the demand for commodity is multiplied by speculators, who create artificial scarcities and astronomical prices.

What is going on is the final act of the crisis of the global financial system which, as Lyndon LaRouche has often insisted, was already hopelessly bankrupt decades ago. There are only two alternatives: either the system disintegrates through a chain-reaction of financial bankruptcies or through a hyperinflationary blow-out, if central banks insist in continuing bailout policies. The Green Deal, or climate transition, is an attempt to continue bailout policies under the pretext of climate transition.

In a recent [webinar](#) on “Economy and Finance of Climate Ideology,” the Italian economist, Professor Mario Giaccio, recounted that a high-placed source at the UN told him that “the global economic system is obsolete; it is not possible to ‘extract’ more value and therefore it must be changed.” What is emerging is “an effort to financially reorganize the world economy using climate as a pretext.”

This candid confession proves that the central banks’ narrative that inflation is “transitory,” is a lie and that consumer price increases are planned, in order to “extract” value from the physical economy in a final act

of cannibalization. Indeed, expansionary monetary policy has come to a dead end, with negative rates all over financial markets and less and less opportunities for the bubble to expand further. Since central banks are buying all sorts of assets, even yields on junk bonds have collapsed; the financial system must extract a huge volume of additional loot from consumers, businesses, and taxpayers one way or another for the system to survive. The alternative is a bankruptcy reorganization of the system, which the current elite is deadly opposed to.

(In this context, the approach taken by Chinese authorities to the insolvency of real estate giant Evergrande is exemplary. If Evergrande were a western company, it would fall under the category of “too big to fail” and obtain a government bailout. Taxpayer money would go into the pockets of speculators who had bought bonds with a 14% return. Instead, the Chinese government is letting those creditors fall, shutting down the speculative part of the company and bailing out

only the retail customers who paid for houses and will either get their house or their money back.)

Consumer price inflation is not accidental: it has been chosen by central banks in order to keep the system alive: on one side, by extracting more value from the physical economy; on the other side, by forcing a reduction of the global debt through inflation. However, the high increase of energy costs is already hitting industrial production processes and threatening a collapse of the physical economy.

There is still time to prevent hell from breaking loose by reorganizing global finances according to the Glass-Steagall standard, shutting down financial speculation, regulating global commodity markets and launching a recovery program such as the one proposed by the LaRouche Organization. Watch the [video](#). Read and circulate the 56-page report, “The Coming U.S. Economic Miracle on the New Silk Road,” available at [thelarouche.org/usa](http://thelarouche.org/usa).