

LaRouche's Nine Economic Forecasts

1. Autumn 1956

Forecast: A major U.S. economic recession, triggered by the over-stretching of a post-1954 credit-bubble centered in financing of automobiles, housing, and analogous consumer goods.



What happened: Recession spiral begins in February 1957, lasting until mid-1958. Hundreds of thousands of industrial workers lose their jobs, as unemployment climbs to highest levels since the Depression.

2. 1959-60

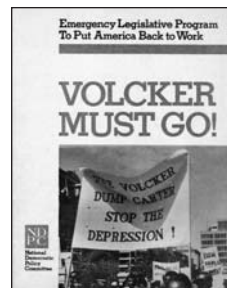
Forecast: A series of major monetary disturbances, leading toward a collapse of the Bretton Woods agreements, resulting in increased looting of developing-sector nations, and austerity measures modelled upon those of fascist regimes.



What happened: On Aug. 15, 1971, President Nixon decouples the dollar from gold, collapsing the post-World War II Bretton Woods monetary system internationally. Nixon then initiates Phase I, II, and III austerity measures at home.

3. October 1979

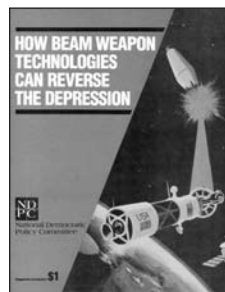
Forecast: A devastating recession, beginning early 1980, as a result of Federal Reserve chairman Paul Volcker's credit-strangulation policies. "Volcker will cause a 15% recession in the U.S. economy, probably putting the United States into a recession twice as severe as that of 1974," LaRouche wrote on Oct. 16.



What happened: Collapse of U.S. housing industry, agricultural and industrial production occurs, and is charted accurately by LaRouche's LaRouche-Riemann economic model.

4. February 1983

Forecast: LaRouche informs the Soviet government, that if it were to reject a Western offer of joint ABM development (which became known as the U.S. Strategic Defense Initiative, when it was adopted by President Reagan on March 23, 1983), the strains on the Comecon economy would lead to a collapse of that economic system in about five years.



What happened: Soviet boss Yuri Andropov rejects the SDI offer in Spring 1983. The Berlin Wall falls in November 1989. The Gorbachov regime falls in 1991.

5. Spring 1984

Forecast: A collapse in a large section of the U.S. banking system: the savings and loan and related sectors. "The banking system as a whole is at the brink of collapse," LaRouche told a June 1 television audience.



What happened: Texas S&Ls begin to collapse in late 1987. Through the end of the decade, the savings and loan system coast to coast is in crisis, with many banks going under, or being purchased by larger institutions. The crisis requires a billion-dollar bailout with Federal tax dollars.

6. May 1987

Forecast: The outbreak of a major collapse in the stock market beginning approximately Oct. 10, 1987. This was LaRouche's first and only stock-market forecast.



What happened: Black Monday, Oct. 19, 1987: the Dow Jones Industrial Average drops 508 points, or 22.6%, the largest loss in its history, twice the collapse of 1929.

7. Spring 1988

Forecast: During an April 12 nationwide half-hour TV address, LaRouche described the “bouncing ball” phenomenon as the key to following the continuing collapse of the U.S. economy through the course of apparent short-term fluctuations relatively up or down.



What happened: Federal government “indicators,” and the Dow Jones Average, adjusted to include non-productive service industries and jobs, and profits from activities such as derivatives trading, show modest recovery, while the productive base of the economy continues to collapse.

8. November 1991

Forecast: An ongoing “mudslide” of economic collapse, rather than a dramatic blowout. “Many people have been looking for a definitive one-day, two-day, three-day financial crash, perhaps on the markets, with the Dow Jones, sometimes called Baby Jones, Index crashing 500 or 1,000 points or more. What they are seeing is . . . is the great mudslide of 1991,” LaRouche wrote on Nov. 23.



What happened: 1993-94 bankruptcies of major financial institutions in Venezuela, Germany, Spain, and elsewhere signal a systemic crisis; the bond market collapses; major players, such as the Canada-based Olympia & York, the world's large real estate company, go under.

9. June 1994

Forecast: “The presently existing global financial and monetary system will disintegrate during the near term. The collapse might occur this Spring, or Summer, or next Autumn; it could come next year; it will almost certainly occur during President William Clinton's first term in office; it will occur soon. That collapse into disintegration is inevitable, because it could not be stopped now by anything but the politically improbable decision by leading governments to put the relevant financial and monetary institutions into bankruptcy reorganization.”



What happened: After a series of derivative blowouts in 1994-95, and the near-collapse of the entire monetary system with the Mexican crisis of that same period, a hyperinflationary spiral, including rapid derivatives expansion, delayed the disintegration into President Clinton's second term. Starting in the Summer of 1997, the rapid phase of worldwide systemic collapse began in Asia and proceeded to the point of state bankruptcies in Russia, and the danger of a global derivatives blowout at any moment.