

HYPERINFLATION IS HERE!:

This Economic Breakdown

by Lyndon H. LaRouche, Jr.

January 23, 2008

The insane U.S. decision, over the past week, to launch a “stimulus” package for the U.S.A. economy, has committed the U.S.A. to its present entry into a new trajectory: that of a hyper-inflationary economic breakdown-crisis. This is a crisis whose effects, unless reversed very soon by the measures I have recently specified, would certainly radiate world-wide, almost certainly bringing the entire planet, soon, into a “new dark age” comparable to that triggered by the Fourteenth-Century, medieval Venetian system’s Lombard banking firms, such as the notorious House of Bardi. I had expressed the fear, on various public occasions since 1968 developments, that the changes in U.S. and other nations’ economic, monetary, and financial policies launched, successively by the combination of the Nixon Administration’s cancellation of the Bretton Woods fixed-exchange-rate monetary system, and the wrecking of the U.S. physical economy by the Carter Administration’s implementation of the policies of the Rockefeller-Brzezinski Trilateral Commission, must, if not reversed, lead, ultimately, into not only the establishment of fascist policies inside the U.S.A., as exactly this outcome has been in progress around Shultz, Rohatyn, Bloomberg, and Schwarzenegger, but, also, into a general breakdown-crisis of not only the U.S. economy, but the world’s economy as a whole.¹

During the past two weeks, the U.S.A. and the United Kingdom both entered such a general, hyper-inflationary form of general economic breakdown crisis, into a period of an hyperinflationary form of monetary stimulus comparable to that of 1923 Weimar Germany. Unless this presently ongo-

ing trend in policy-shaping in process is stopped, there is no part of the world which would not be soon swept into world-wide effects of a form of global breakdown-crisis comparable to that of Europe’s Fourteenth Century.

This threat could be stopped, even now; but failure to take the kinds of U.S. emergency reforms which I have prescribed, would now ensure a chain-reaction form of global hyper-inflationary collapse, threatening to carry the entirety of our planet into a prolonged new dark age. Such, for example, are the only really important issues to be considered by the current U.S. Presidential pre-election campaign. All other concerns are almost irrelevant.

In this way, between the time of my relevant January 17, 2008 international webcast and Tuesday morning, January 22nd, the trans-Atlantic, English-speaking world had committed itself, at least for the moment, to enter into a global hyper-inflationary crisis of its own, one broadly comparable to that which struck Weimar Germany in 1923. However, there are some important differences between Germany then and the situation today.

Germany, then, was enslaved, under threat of destruction by allied military forces, to meet demands for payment of so-called war-reparations to Britain, France, and others. These demands could not be met in reality, but Germany, under these conditions, was forced to meet them at the point of French bayonets. Therefore, Germany resorted to uttering the currency needed to deliver that tribute, a process of uttering which led into the Autumn 1923, hyper-inflationary breakdown of the German economy.

There is no such external restriction on the U.S.A. or Britain, or the nations of continental Europe today, except that restriction either self-imposed upon our U.S.A. by a certain kind

1. See my 1971 Queens College debate, on the issue of fascism, with Professor Abba Lerner. Excerpts in *EIR*, March 12, 2004.



Library of Congress

A Berlin woman, during the Weimar hyperinflation, fuels her stove with worthless Reichsmarks. Inset: a 50 million mark note—not worth the paper it's printed on.



The German satirical magazine Simplicissimus, Oct. 29, 1929, depicts the Lorelei—the German equivalent of the Odyssey's Sirens—luring Germans to accept hyperinflationary policies.

of legalized madness, or imposed directly, or implicitly, on continental Europe by the predatory Thatcher-Mitterrand Maastricht conditions. The restriction imposed on continental European nations is in the form of a lunatic ideology sometimes called “post-industrial society” or “globalism,” the ideological pranks of the type concocted by degenerates such as Britain’s H.G. Wells and Bertrand Russell and their devotees.

Nonetheless, whether in the case of 1920s Germany or much of the world today, a world enslaved to belief in the alleged inevitability of such lunatic practices is just as surely doomed as much by such adopted current beliefs, now, as by the threat of outright, crushing military force, then. The time has now been reached, that, if the U.S.A. and other nations do not now, very soon, adopt certain essential remedial steps which I have prescribed, there is little hope for either the peo-

ple of the U.S.A., or most of mankind as a whole, for generations still to come.

These necessary changes in policy, must represent a radical change in direction, away from what have been, on balance, the prevalent policy-trends of the 1968-2008 interval to date. The crisis which is striking us now, is the fruit of the trends of change in U.S. economic policy and direction of evolution of practice over that entire period to date. To sum up the immediately present situation, that recent trend in direction must be suddenly, and radically reversed, if our republic

is to outlive the hyper-inflationary crisis spreading from the Transatlantic centers at this time.

To understand this present crisis in a competent way, we must see it as being, essentially, like that which struck post-Versailles Germany of the early 1920s. Like that 1920s case, we must locate the continuing causes of this disaster in, chiefly, a product of the long-standing British reaction against the victory of the U.S.A. of President Abraham Lincoln over that Britain's Foreign Office puppet, the Confederate States of America.

I explain.

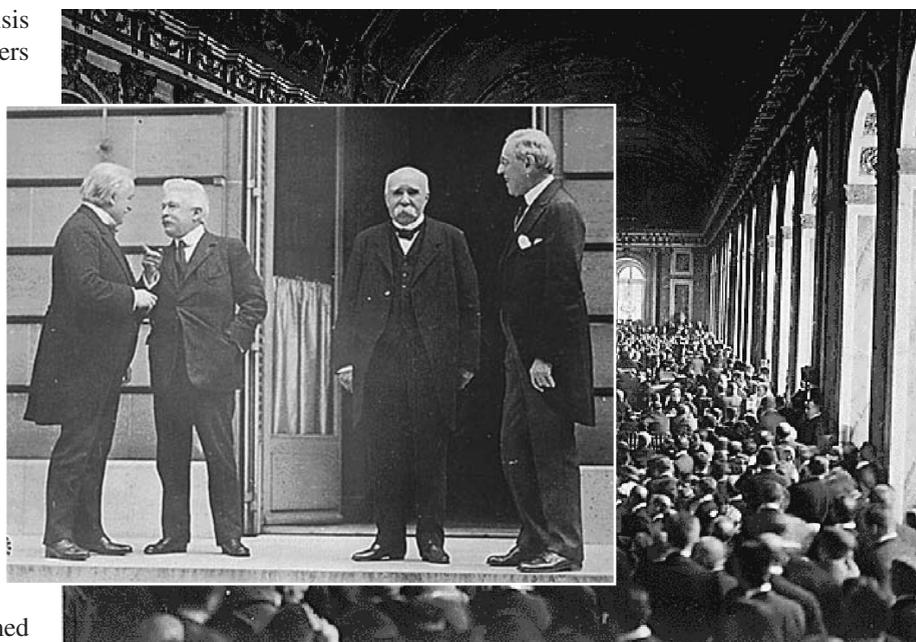
The Factor of Geopolitics

In brief, the role of what is termed geopolitics in creating this present situation, is as follows.

The rapid development of President Lincoln's U.S.A., aided and continued by the transcontinental railway development of the victorious U.S.A. into a unified and rapidly developing continental nation, constituted what imperial London's Anglo-Dutch Liberal financier oligarchy considered an implied *geopolitical* threat to British maritime power's imperial supremacy over the continents of Eurasia and Ibero-America. The rise of the agro-industrial power of Germany, Russia, and development of other nations into effectively sovereign powers, reflected an influence which had been inspired by the development of the U.S. since Lincoln's inauguration, and was a development which the successors of the British Foreign Office's Jeremy Bentham and Lord Palmerston were resolved to ruin. The British fear of this kind of influence of even the mere example of this U.S. achievement, has been the dominant motive of British imperial geopolitical ventures globally, from the death of Lord Palmerston to the present day.

This was Britain's motive in inducing the Prince of Wales' royal dupe, Germany's Kaiser Wilhelm II, into dumping Chancellor Bismarck. It was the motive of Britain's same Prince Edward Albert (later King Edward VII) in organizing a so-called "great war," so-called "World War I," between the nations of his nephews, Kaiser Wilhelm II and Czar Nicholas II. It was also the motive of Britain, aided by President Woodrow Wilson's Secretary of State Lansing, in orchestrating, at Versailles, that fraudulent "German war-guilt" myth which was the key to the organization of what became the infamous hyperinflationary crisis of 1923 Weimar Germany.

This was also, later, the motive of London's head of the Bank of England, Montagu Norman, and his U.S. financier



National Archives

The Versailles Treaty of 1919 imposed impossible demands for reparations on Germany, which resorted to printing currency, leading to the hyperinflation of 1923. Shown are the Council of Four leaders of the victorious powers (left to right): Britain's Lloyd George, Italy's Vittorio Orlando, France's Georges Clemenceau, and America's Woodrow Wilson.

accomplices such as Harriman's Prescott Bush, in putting Adolf Hitler into power in Germany in 1933. It was also the motive for the hatred against the policies of U.S. President Franklin Roosevelt, such as Roosevelt's anti-imperialist policies, a hatred expressed, immediately following President Roosevelt's death, by the pro-British imperialist policies of that shameless Winston Churchill accomplice, U.S. President Harry S Truman.

Similarly, later, the 1971-1972 action by the U.S. Nixon Administration, in destroying the Bretton Woods fixed-exchange-rate monetary system, the role of the so-called Trilateral Commission in organizing the 1977-1981 self-destruction of the internal U.S. economy, the drive toward so-called "globalization," and former Vice-President Gore's obscene lust for "post-industrial society," have all been explicitly expressions of the hatred of the U.S.A.'s constitutional tradition by the imperial form of Anglo-Dutch Liberal, globalist financier interests centered in London.

Those revolutionary measures of self-destruction of our nation, measures known, chiefly, as the sweeping reforms by the Nixon and Carter Administrations, have been crucial in bringing about the self-destruction of our republic from that decade forward to today.²

In brief, our Anglo-Dutch Liberal enemy's more efficient choice of means for destroying a powerful nation such as our

2. Jimmy Carter as U.S. President, was a catastrophe; but, he later turned out to be among the best of our living ex-Presidents.



National Archives



Library of Congress

The American System of political economy spread internationally in the wake of President Lincoln's development of the transcontinental railway—to the horror of the Anglo-Dutch Liberal financier oligarchy. Chancellor Otto von Bismarck of Germany (center) and Russia's Count Sergei Witte (bottom) fostered their nations' industrial powers and sovereignty.

U.S.A., was to induce that U.S.A. to destroy itself as it did under the terms of Presidents Nixon and Carter, chiefly by the hand of its own, corrupted, leading political and financial institutions. This had also been the essential feature of the method of the Roman Empire, of the Byzantine system, and the role of the Venice-centered financier interests in deploying the Norman chivalry, to destroy the legacy of Charlemagne. This is also the artistically insightful theme of Oscar Wilde's "The Picture of Dorian Gray."

The fact, that I have warned consistently against these developments, as since August 1971 and later, suffices to demonstrate that there was never any reasonable excuse for doubting those facts to which I am referring now, when my warnings have now been so copiously, and so often demonstrated as fact. On the matter of the systemic basis for those forecasts, the performance of every visible rival of mine among economic forecasters of recent decades has been as much a complete failure, repeatedly, as we should recognize in statistician Myron Scholes' notorious part in promoting what became the U.S.A.'s 1998 financial crisis.

The crucial relevance of that evidence is that it demonstrates two facts of crucial significance for understanding the situation which presently menaces the world. First, that the generally accepted doctrines of economics taught in today's universities and otherwise, have been grossly incompetent, scientifically and otherwise. Secondly, that the root of so-called "business cycles" and kindred phenomena are to be sought in scientifically principled considerations usually unknown in economics-relevant academic and related conversation.

Thus, my part in the treatment of the leading topic of this edition of EIR, concentrates on the matter of those deeper scientific considerations, leaving the remainder of the subject to the reports provided by my associates.

All Empires Must Collapse

All of the principal empires known to history are expressions of what the Greek Classical period defined as "the oligarchical model." In short, this is the Olympian model portrayed in such famous locations as Aeschylus' *Prometheus Bound*. The gist of that case, is that the charge made against Prometheus by the Olympian Zeus of that drama, was that Prometheus had informed mortal human beings of their access to knowledge of the use of "fire" (e.g., nuclear fission). So, as Aeschylus' Zeus had prescribed, the Sparta of Lycurgus condemned the helots to submit to those kinds of slave-chains which are the depravity of ignorance, as did the Sophists whose role was promoted by the influence of the Delphi Apollo-Dionysus cult, and as do the so-called "environmentalist" cults of today.

The same issue was expressed to the same effect, but in a different mode as a featured aspect of the scientific disputes of Europe's Eighteenth Century, when perverts such as de Moivre, D'Alembert, Euler, and Lagrange sought to root out

that concept of scientific principle, *the principle of the ontologically transfinite* (i.e., “*the principle of fire*”), developed by Nicholas of Cusa, Kepler, Fermat, and Leibniz, from then contemporary physical science. This campaign by the empiricist followers of Venice’s Paolo Sarpi (i.e., the so-called “Liberals” in the tradition of William of Ockham), disallowed the introduction of the use of actually discovered universal principles from scientific practice, but did permit, as a substitute, *mathematical descriptions* of measured mathematical results, such as implicitly digitalized “formulas,” as a substitute for knowledge of actually experimentally demonstrated physical principles as such.

This Delphic tradition of the Olympian Zeus and the Apollo-Dionysus cult, insists, for today, that even the very idea of an actual universe does not exist in Liberal opinion on any subject-matter.

In other words, the Liberals, like the Apollo cult of the Olympian Zeus of *Prometheus Bound*, prohibited knowledge of actual “fire,” the ability to discover known principles of human individual scientific and related creativity which distinguish mankind from the apes and other lower forms of life.

The subject I have thus introduced here, is, on this account, the most profound aspect of human scientific and related knowledge. It is also the key to understanding, and preventing the great planet-wide breakdown-crisis which is menacing not only the U.S.A. and the British empire today, but there is no part of this planet which would escape this collapse of all parts of the world’s economy.

On that account, in this location, I must come directly to the matter of the significance of this fact for the matter of the rise and fall of empires, such as the present-day Anglo-Dutch Liberal system of financier tyranny. The essential fact to be emphasized, is the issue of the way in which the potential relative population-density of the members of a specific human culture is regulated to such effect as shaping the inevitable collapse of any empire ever established.

The ability of the human species to achieve a potential relative population-density above that of any nearly comparable animal species, is lodged within the potential of those creative mental powers implicitly referenced in *Genesis* 1, which do not exist among lower forms of life than human beings. These creative mental powers are expressed in the form of what we might recognize as analog functions, but do not exist in the form of digital functions. This defines the relevant intersection of two considerations, considerations on which escape from the presently onrushing, global breakdown-crisis depends.

The Principle of Physical Economy

First, we must emphasize that the establishment of a culture premised upon the use of certain discovered universal physical principles, defines a culture with a certain upper limit on its potential relative population-density. However, no such fixed level of potential can be sustained indefinitely,

since attrition of used resources will lower the potential, until scientific progress, as in modalities of increased effective energy-flux densities, corrects this problem. Therefore, cultural progress, including advances in discovery and application, as by capital investment, of the kind of universal physical principles actually expressed only in the modalities of analog functions, were necessary if a presently achieved level of population-density were to be sustained.

If the population suffers generally from the kind of suppression of creativity reflected in the inherently digital, anti-Leibniz dogmas of de Moivre, D’Alembert, Euler, and Lagrange, or Laplace, Cauchy, Clausius, Grassmann, Weierstrass, et al., or of such wretches as Ernst Mach, Bertrand Russell, or such devotees of Russell as Professor Norbert Wiener, and John von Neumann, the influence of such decadent minds will tend to destroy the creative potential of the minds of those persons which they influence. This is typified today by the effects of a computer culture based upon digital assumptions in ruining the cognitive potential of the individual, a cognitive potential which can be expressed only in “analog,” rather than digital modalities.³

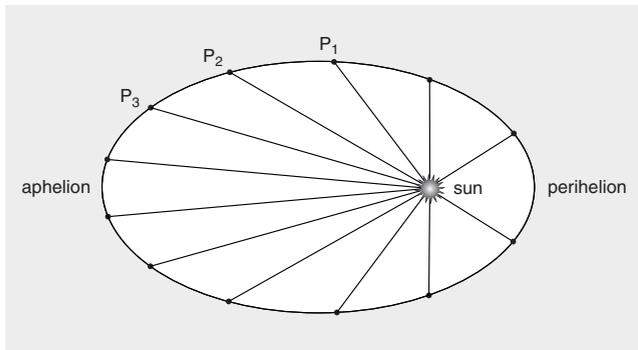
This distinction is otherwise located in the function of crucial physical experimentation in physical science, and in the role of Classical modes of irony in musical polyphony, in Classical poetry and drama, and in the tradition in art of Leonardo da Vinci, Raphael Sanzio, and Rembrandt. In respect to physical economy, the primary requirement for the maintenance of a society’s level of potential relative population-density lies in the development of, and investment in basic economic infrastructure and in production (per capita and per square kilometer). However, without fertilizing the modes of communication in a parallel fashion, in the modalities of human mental processes associated with analog functions, physical-scientific creativity will be aborted.

The Function of Dynamics

The most notable factor of pervasive incompetence in the current practice of professional economic forecasters, their political dupes, or in related categories, is the emphasis on statistical methods cast more or less in the tradition of Cartesian mechanics. Virtually all of today’s notable economic forecasters, or their substitutes of the like of poor scapegoats such as Ben Bernanke and George W. Bush, Jr., are completely incompetent in the conduct of their office on even this account alone.

Competent science is, in all aspects, including economics, essentially a matter of dynamics (in the form of analog functions), as opposed to the inherently digital modalities of mechanics. This is a tradition traced in European history from Thales and such among his followers as the Pythagoreans and

3. Cf., *The Devil in Your Laptop*, LaRouche PAC, November 2007; Sky Shields, “What Exactly, Is a Human Being? Analog, Digital, and Transcendental,” *EIR*, Jan. 4, 2008.



Kepler's constraint for motion of a planet along an elliptical orbit. The attempt to explain the generation of such an orbit by quadrature is "absolute incompetence," LaRouche writes. "In fact, this distinction is the most crucial distinction of actual mathematical physics from sophistry."

Plato. This method, termed *dynamis* in ancient Greek, was revived as a term, *dynamics*, by Leibniz. The implications of Leibniz's use of the concept of dynamics, were brought forward by Bernhard Riemann's 1854 habilitation dissertation, and by Riemann's consequent further development of that notion. All competently mapped social processes, including national physical economies (rather than merely monetary ones), are to be expressed in the essential form of "multiply interactive" forms of Riemannian dynamics. All contrary representations of modern social and economic processes are intrinsically incompetent ones.

The kind of universe which the competent scientist must adopt as a scheme of reference for describing the universe in general, or social processes such as economies and their associated cultures, is essentially in the form of a Kepler-Riemann universe as more adequately elaborated in terms of the dynamics of Vernadsky's Biosphere and Noösphere.

In earlier times, prior to the metamorphous emergence of the "middle class 68ers" in their adult form, a significant degree of true creativity was expressed among some members of our populations. In Europe, for example, this was typified by the Humboldt reforms in education, as this was echoed in some degree in better practice within the U.S.A. This was expressed in the fact, that under President Franklin Roosevelt, or during two later decades, it were possible for industries to recruit secondary school graduates "from the streets," to obtain, thus, with a certain amount of sifting, a labor-force capable of "doing the job" in fields of practice beyond the level of their education. This was a benefit of the factor of what might be termed "incidental" creativity common (according to my experience) among populations such as those of the U.S.A., Germany, and Northern Italy.

With the rise of influence of a specifically "68er" anti-blue collar, anti-industrial population, the populations of the U.S.A. and Europe, for example, degenerated in respect to their potential for actually assimilating the benefits of scientific thinking, and for technologically progressive modes of pro-

ductive forms of social functions. The process of "greening" became an increasing, generative factor of incompetence and cultural decadence within the "white collar"-oriented portion of the stratum born, chiefly between 1945 and 1958, to household cultures of what had been typed during the 1950s as "White Collar" and "Organization Man" family-household cultures.

This cultural flaw more or less characteristic of that indicated "68er" type, so defined, has been an increasingly significant factor in the increasing decadence expressed as the increasing rate of degeneration of our national popular and related culture into the modalities of "post-industrial," general and economic cultures of the U.S.A. and western and central Europe. England possesses, in net effect, among the most successfully self-destroyed populations on this account.

This process of cultural decadence, radiating from the "68er" generation on down today, has been a crucial factor in the degeneration of the economies and cultures of North America and western and central Europe, in particular. The most crucial aspect of this, from a long-term standpoint, is the vanishing of the cultural factors which had been essential to promotion of physical-economic and moral progress in populations of (notably) Europe and North America, during the recent four decades.

This, by itself, did not cause the present onrush of a general, global economic-breakdown-crisis; but, it has been a crucial social factor in permitting that moral degeneration to occur.

The Core of the Global Crisis

The process called "globalization," better known as a return to the Tower of Babel, has resulted in a shifting of production from regions of the world in which productive potential was relatively a highly developed feature of the characteristics of the population and its economic-cultural setting, to cheap labor working in relatively debased circumstances and cultural standards of household and community environments. The resulting shift of production from ruined areas to relatively degraded ones, has been a general lowering of the planet's overall potential relative population-density, including such examples as the increasingly murderous degeneration of the conditions of life among the population of North America and Europe. *The effect is, thus, a net lowering of the sustainable level of potential relative population-density, per capita and per square kilometer, throughout the planet overall!* The collapse of the physical standard of living of the population of Mexico, the U.S.A., and western Europe, now approaching catastrophic conditions, is exemplary.

This occurs at the same time, recently, that the upper strata of the population, who are chiefly worse than merely parasites, enjoy income-levels which are morally indecent in and of themselves, income-levels enjoyed solely through the savage looting of the obligations which should have been met for sustaining the general population.

However, after those and kindred considerations have been taken into account, we must turn to the most crucial of all the relevant issues: the issue of individual creativity in the sense that only so-called “analog” functions of the individual human mind actually correspond to the essential power of creativity which separates the human individual from the beasts.

The nature of this power of genuine creativity is illustrated very well by the signal case of Johannes Kepler’s discovery of universal gravitation, especially when what Kepler intended by gravitation is understood as a rejection of Archimedes’ elementary error in presuming that the generation of a circle could be defined by quadrature.

That is to say that quadrature may be used as an attempt to describe the effect of the process by which a circle, or ellipse might be generated as a construction. However, when a process in nature assumes the trajectory of a circular or elliptical orbit, most emphatically an elliptical orbit, the attempt to explain the generation of that orbit by quadrature is absolute incompetence. In fact, this distinction is the most crucial distinction of actual mathematical physics from sophistry.

The modern rebirth of the competent physical science which had been established in ancient Greece during the span from the initiatives of Thales, through the work of the Pythagoreans and Plato, was brought forth by the Socratic midwifery of the Cardinal Nicholas of Cusa who re-discovered the principle of all competent physical scientific practice by discovering a crucial error in Archimedes’ quadrature of the circle. All subsequent, competently crafted creativity in modern European science has been derived, from Johannes Kepler on, through Fermat, Leibniz, Gauss, Riemann, and others, on the foundation of that great principle of “analog” modes of discovery of universal physical principles.

For example: What generates the elliptical orbit of a Solar planet is an impulse which can be competently identified only as ontologically infinitesimal: that is, an action so dense that there is no interval of action which is small enough not to be generated there by the action of a universal physical principle. That is the same concept as the Leibniz discovery of a calculus fitting Kepler’s specification for the assignment of this task to “future mathematicians.” It is otherwise a reflection of the Leibniz-Bernouilli universal physical principle of least action.

Therefore, the makers of policy for today, must come to know what they must reject, are the fraudulent, arbitrary assumption of Eighteenth-Century empiricists such as de



President Franklin D. Roosevelt’s leadership appealed to those qualities that distinguish the human being from the beast. This gave civilization a chance to survive, and can do so again today.

Moivre and Euler. They must recognize that our universe is organized in a form which our minds must recognize as congruent with the notion of an intrinsically non-linear physical universe which operates on the basis of what are to be regarded as, in physical principle, analog, not digital functions. They must recognize that intense conditioning to computer routines which are intrinsically digital promotes serious mental disorders of a type associated with “killer” computer games, disorders which tend to de-humanize the habituated (e.g., “addicted”) player.

They must recognize, that to the degree education used in general practice digitalizes the subject-matters in a fashion typified by “programmed learning” methods in education and related applications, the distinctly human cognitive powers of the individual are disrupted, with more or less dangerous effects for the individual and the society alike.

When man digitalizes, he ceases to think creatively. Then, his behavior, in-

cluding his morals, comes, quite naturally, to resemble more and more a certain awful likeness to the behavior of the adult male chimpanzee, a result which we are enabled to witness widely today, by attention to such matters as television exhibitions of the relatively depraved popular culture to which the gibberish expressed by most political campaigns in action is appealing.

For a change, let us go back to being human once more. It could save our culture; it could also save our nation, and, for a time, at least, your life.

With those stated considerations in mind, situate a return to cultural sanity within the context defined by the wonderful achievements of President Franklin Roosevelt, in returning the U.S.A. from the abyss dug by Theodore Roosevelt, Woodrow Wilson, Calvin Coolidge, and Herbert Hoover, to its true self. There is very little which needs to be remedied today which would not benefit from the precedents provided by the way, rooted in the great constitutional principle of the 1648 Peace of Westphalia, in which Franklin Roosevelt saved both the U.S.A. and gave civilization as a whole at least a fair chance of surviving, too. It is the distinction of the human soul from that of the beasts, a distinction expressed as the expressed development of those creative powers of mankind lacking in beasts and empiricists alike, to which President Franklin Roosevelt’s leadership appealed, an appeal which served our nation and the planet well in that time.

We can save this imperilled nation, thus, even now, if we can find the will to do so.