

Hyperinflation like Weimar 1923: World System on Weimar Collapse Curve

by Lyndon H. LaRouche, Jr., April 20, 2006.

The fakery of the outgoing Alan Greenspan administration, in burying the „M3“ report, was clearly intended to conceal the fact that the rate of rate of increase of world prices of primary materials has the world as a whole currently on the same kind of „least-action pathway“ curve of hyperinflation which gripped Weimar Germany during the second half of the year 1923.

Comparing the present rates of rates of increase of primary materials prices with the pattern for Germany 1923, indicates the likelihood that, under present U.S. and European policies, the world system could reach a point of collapse of the monetary system by not much later than September 2006, if not earlier.

Under the present trends in policy-making in the U.S. government, both in the careening economic-financial lunacy of the current Bush Administration, but also the „Alfred E. Newman“-like diffidence of a negligent U.S. Congressional fraction of the Democratic Party, the likelihood is that the world system as a whole will be in a U.S.-dollar-triggered collapse-phase before Autumn.

The point is not to predict what could happen by Autumn; the point is to kick the relevant political circles in the Democratic Party with the proverbial two-by-four prescribed for reluctant donkeys, and to do so hard enough, soon enough, and often enough, to move to the kind of emergency reform of U.S. policy which could stave off an otherwise onrushing general breakdown-crisis of not only

the U.S. system, but the world system as well.

There is a relative handful of persons, typified by the Brookings Institution-based Hamilton Project team, who are capable of understanding this, and who already have command of most of the essential facts to be considered. There are professionals in other parts of the world, who could begin to understand this quickly, if they were kicked hard enough to come to the necessary state of wakefulness.

The world is thus, now, in the terminal phase of a hyperinflationary collapse of not only the dollar-system, but the world-system as a whole. To bring this into focus, consider the elementary features of the way in which Federal Reserve Chairman Greenspan’s lunacy orchestrated the 1987-2006 phase of the relevant hyperinflationary cycle. Keep three illustrative curves in view: 1.) my „Triple Curve,“ which, since January 1996, has described the general characteristics of the congoing collapse-function of the 1995-1996 interval; 2.) The curve of 1923 Weimar, Germany hyper-inflation; and, 3.) The current hyperinflationary rate of rate of increase of primary commodity prices, as led by petroleum and metals.

(Leave the „supply-and-demand“ freaks, and other statisticians from Swift’s Island of Laputa, to play with themselves behind the barn, where they will be happy.)

Essentially, what Greenspan did, was to bail out the banks whose coffers had been emptied by the events of October 1987, by laundering the mortgage-based securities

Figure 1
The Collapse Reaches a Critical Point Of Instability

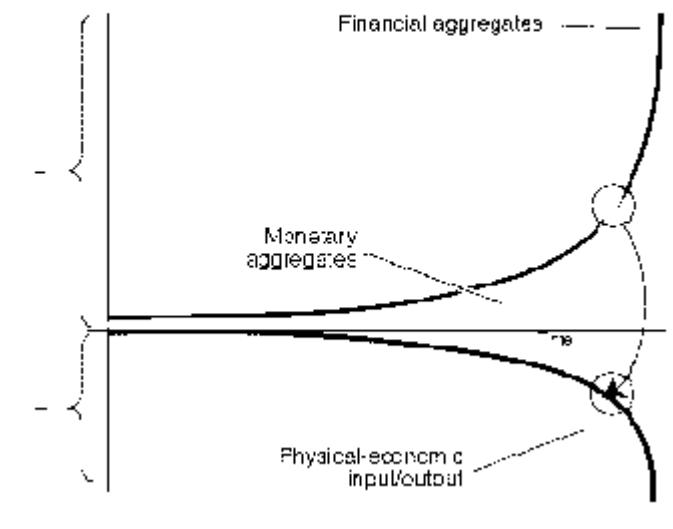


Figure 2
Weimar Hyperinflation in 1923:
Wholesale Prices (1913 = 1)

(logarithmic scale)

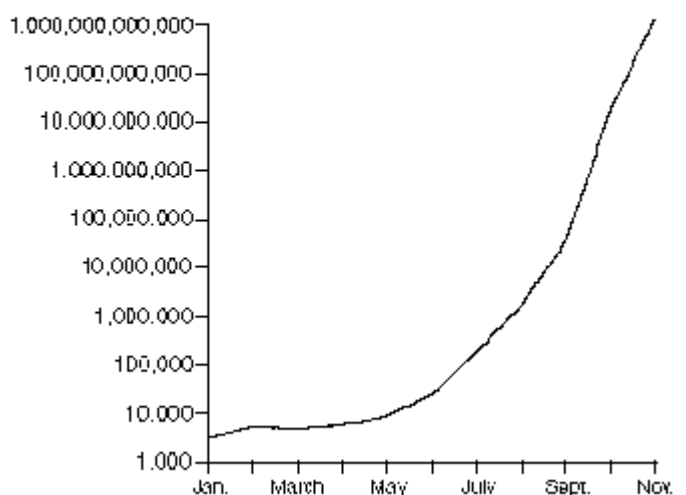
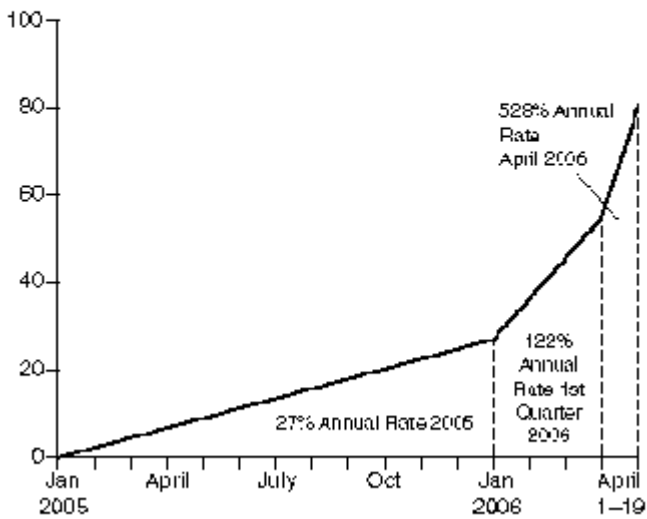


Figure 3
Futures Market Mean Price Inflation for 14
Primary Commodities, January 2005-April 2006
(% Rise from January 2005)



Sources: www.thefinancials.com; ICIS Chemical Business; ENR files.

packages of Fannie Mae and Freddie Mac. The real-estate bubble was built up to its presently cancerous proportions for this continuing purpose. This, in turn, provided the base-line of monetary and derived financial emission for what was to become a hyperinflationary expansion of a

physically contracting economy. (See my Triple Curve.)

In the end, this became the core of a global financial-monetary bubble comparable to that of medieval Venice's tool, the Lombard League of Europe's Fourteenth-Century collapse into a New Dark Age. However, in this case, the end-game phase of this hyperinflationary process was cornering of the world market in primary materials.

For those shrewd enough to recognize that the present 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 comprehension of such systems in general, is found in the work of Riemann on hypergeometries.



Lyndon LaRouche

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