

THE SEASON OF A TWENTIETH ANNIVERSARY:

Now, October!

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September 30, 2009

During the recent days, I have presented a series of reports bearing on the matter of the nature and causes of the presently onrushing October crisis of both the U.S.A.'s and the world's current entry into the crucial phase of a global economic-breakdown crisis. I have indicated the first half of October as a crucial period of phase-shift into the actuality of the already looming, initial onset of that actual breakdown. Here, I restate the case with special emphasis on identifying the probable forms in which the present inevitability of that phase-shift might be expressed during the weeks immediately ahead.

Now, that Germany's parliamentary elections have just been concluded, the citizens of the U.S.A. should be reminded, that today's continuing political mass-strike against both the Obama Administration and the membership of the increasingly despised current session of the U.S. Congress, is an echo of that great mass strike in East Germany which brought about the fall of the Berlin Wall about twenty years ago. How, then, would the alleged "ordinary citizen" expect to recognize the signs of such a development during its opening phase?

Now, in the U.S.A. today, the cry of "Wir sind das Volk!" from Germany then, is echoed by the theme "We

are the people!" which is resounding from the voices of a still-rising mass-strike movement from among the majority of the U.S. adult population. For that majority of our adult citizenry, especially the thirty percentile of the unemployed labor-force for whom the new great economic depression had already begun, this fact is expressed by the virtually unprecedented fall of popular support for the de facto British Empire's puppet, President Barack Obama.

Now, as the ominous month of October descends upon the entire planet, a new, greater existential crisis than that, has arisen from among the nations of the world. October is the setting which promises an onrushing economic breakdown-crisis world-wide. At this time, there is no good reason to doubt either that the October 2009 entry into a new U.S. fiscal year, defines a general breakdown of the monetary-financial system of not only the U.S. economy, or, that this monetary-breakdown-crisis will now reverberate as the common ruin of nations throughout the world. Therefore, the only questions in the minds of actually competent economists, are the following two: "First: Exactly what specific form will this already onrushing breakdown-crisis take, during the month of October and for a short time beyond? Second: Is there an alternative?"

This season, the ironical joke will probably be, "What favorite politician will be hanging from your Christmas tree?"

The reply will likely be: “We are not having a Christmas tree this year.”

The rejoinder would probably be: “Aha: your politicians must really be scared!”

The entire planet has now entered the onset of a planetary “new dark age”—unless very specific kinds of changes, from a world monetary system, to a “Hamiltonian” quality of mutual credit-system, were to be launched by a leading combination of the U.S.A., Russia, China, and India. Shallow-minded people will insist that such a change is impossible. I know better. The needed change is possible; the question is, do the governments of those four nations have the wisdom to act upon the great opportunity for general reform now placed before them? The reason this reform might gain its needed support, is that no nation of this planet has any chance of surviving the failure of those leading nations to join in launching the needed anti-monetarist reform.

Therefore, before mistaking this October’s bad news as leaving us no real alternative, review two crucial issues. First, review the causes for this timing of the oncoming monetary-financial breakdown-crisis which is being guided currently by the British empire’s outright ownership of the foolish administration of U.S. President Barack Obama. Second, consider the alternate option.

The U.S. Economic Crisis

The only publicly known method of competent economic forecasting for national economies of the world since my January 1996 announcement of my candidacy for the U.S. Presidential nomination for the Democratic Party at that time, has been a heuristic device presented then as my “Triple Curve.” Since that time, it has been proven to have been the only competent method of forecasting throughout the world. In that sense, the present, world-wide breakdown-crisis of the reigning global monetary-financial system can be fairly described as a result of the failure to take up my now thoroughly vindicated forecasting into account.

The most crucial three elements which define the overall causes for the presently oncoming, general economic-breakdown crisis of the planetary system as a whole are:

First: the curve of the presently hyper-inflationary monetarist system. When the rate of expan-

FIGURE 1

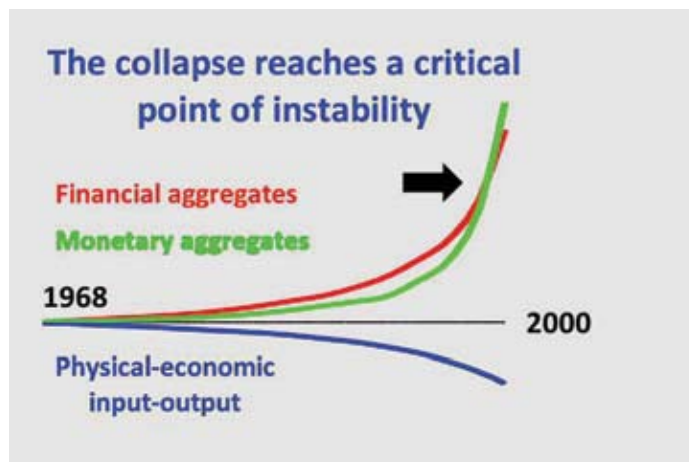


FIGURE 2

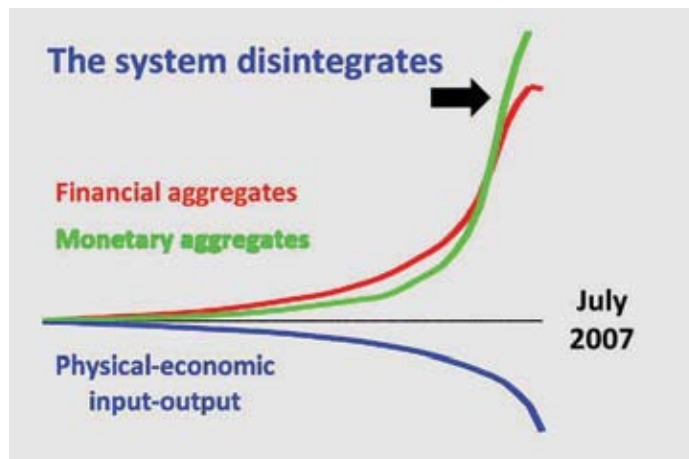
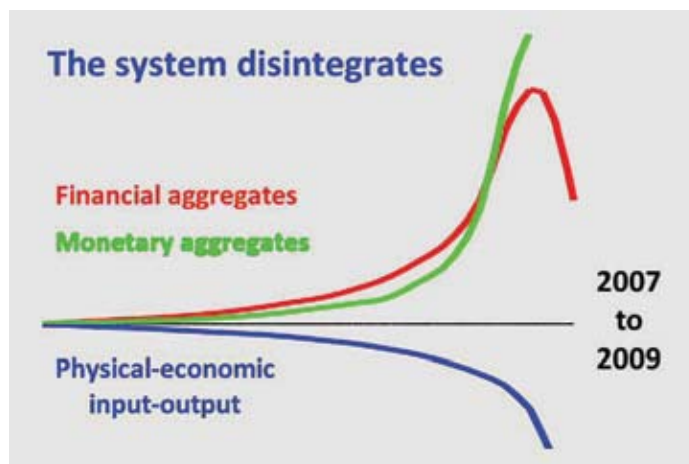


FIGURE 3



sion of this monetarist inflation overtook and surpassed the rate of financial expansion, in Summer 2007, the pre-conditions for a looming threat of a general, global breakdown-crisis of the type presented by that of March-November 1923 Germany, were already fully under way.

Second: the shift of the financial curve, under those conditions, from inflationary, to deflationary, since no later than that Summer-Autumn interval of 2007.

Third: the accelerated rate of collapse of physical output per capita and per square kilometer.

When, under these conditions, the rate of growth represented by the acceleration of the hyper-inflationary monetary curve, had overtaken the rate of growth of the financial curve, such that the financial curve's reverse course, became, apparently, deflationary, the accelerated rate of collapse of relative physical output per capita, combined with the acceleration of monetary emissions, the deflationary course of financial flows, and the accelerated rate of collapse of physical economic output, signaled the definite arrival of conditions corresponding precisely to the pattern of the Spring-Autumn 1923 hyper-inflationary breakdown of the Weimar economy.

So, the relevant precedent for the type of breakdown-crisis under way presently, is the case of Weimar Germany's economy of the period concluding with November 1923. In this case, the French occupation of the Rhineland triggered the actuality of the already menacing threat of a hyper-inflationary breakdown-crisis. The relationship among the three elements of today's Triple-curve pattern in the U.S.A. today, was that present in 1923 Germany.

However, when, as in 1923 Germany, or the U.S.A. today, the combination of a monetary hyperinflation overtakes the rate of expansion of financial aggregates, as the initiatives of Senator Chris Dodd and that fanatic and U.S. Representative Barney Frank had done, and the net physical output of the economy is declining, the pre-conditions for a hyper-inflationary breakdown of the entire economy exist, as they existed then, and in the U.S. trends since August 2007. What the policies of the Bush and Obama administrations have done, since then, and through the present date, has been clinically insane. However, the same specific conditions also prevail in the world economy as a whole.

The case of Germany 1923 was, admittedly, exceptional. Germany was then subjected to absolutely artificial, predatory conditions defined by the Versailles conditionalities imposed, chiefly, by the Bank of England, the Manhattan monetarists, and the revanchist French regimes. In the present case, we see the kinds of boundary conditions imposed by, chiefly, the trio of London, Paris, and Wall Street, as under the conditions those three powers have imposed upon a reunified Germany, but then, applied to a limited sector of the world economy. Today, the conditions imposed upon Weimar Germany have been imposed, in effect, upon the entire world, as by, implicitly, the monstrously corrupt International Monetary Fund (IMF) system.

So, the logic of what the Versailles powers did to 1920s Weimar Germany, is the same logic, applied on a global scale, to produce the preconditions for today's hyper-inflationary breakdown-crisis on an unlimited scale. It is fairly said that the economic thinking ruling most of the national governments of the world now, has been, and remains, clinically insane.

Then, as now, the only competent remedy for a breakdown condition such as those of Weimar Germany 1923 and the U.S. economy today, is to put the system as a whole into reorganization in bankruptcy by the relevant sovereign nation-state, using the equivalent of a Glass-Steagall standard for reorganization of the entire system in bankruptcy. The fictitious monetary assets must be simply cancelled, and the relevant economy reconstituted on the basis of an anti-monetarist credit-system, cancelling the morally fraudulent monetarist assets.

Thus, for the U.S.A. itself, the formal condition for saving the U.S. government itself from a total financial breakdown caused by the burden of monetarist interests, is a return to the constitutional ban on monetarist practices inhering in the Hamiltonian prescription embedded in the U.S. Federal Constitution.

Once that approach were adopted by the U.S.A. in conjunction with some other leading nations, such as Russia, China, and India, a general recovery of the world economy could be set into motion. For the moment, however, for as long as western and central Europe remains under the British monetarist boot, those nations lack the mechanisms of sovereignty required to effect the needed reform. Thus, without a bloc of anti-monetarist cooperation among the credit-systems of the U.S.A., Russia, China, India, and other powers which choose to join them in a common effort, a general plunge of all nations of the planet into a pro-



The only competent remedy for current crisis, LaRouche writes, is to put the system through an orderly bankruptcy procedure, using the equivalent of a Glass-Steagall standard. Here, on June 16, 1933, President Franklin Roosevelt signs the Glass-Steagall Act, which separated commercial banks from the speculative “investment” banks. Sen. Carter Glass (Va.) and Rep. Henry Steagall (Ala.) flank FDR on right and left respectively.

longed, global “Dark Age” were virtually inevitable.

Without an initiative to that effect by the U.S.A., such a recovery would not be possible. The doom of mankind for a generation or more to come, would then be inevitable.

Clearly, the British monetarist-imperialist system would resist such reforms, virtually to the bitter end. No matter; it is essential that civilization more generally survive, while the necessary fundamental changes in the United Kingdom’s affairs appear, more or less reluctantly, after the remainder of the world has cast its own vote for economic sanity.

However, if the remedy I have identified is not adopted, the world as a whole is already foredoomed for a season in Hell. To understand that immediate threat of a global breakdown-crisis, the factor of what is called “globalization” must be taken into account.

Why a Global Collapse

There are certain incompetent, or otherwise misguided economists and officials of governments, in various parts of the planet, who are deluded into believing

that a collapse of the U.S. dollar would not trigger an inevitable, virtually simultaneous collapse of every nation of the planet. Only the government of China has a realistic view of this matter among governments generally, at this present time. The others are to be fairly described as hypnotized by the seductive charms of some strange fairy, perhaps one incarnate in the disguise of a Keynesian monetarist.

Without a conversion of the economy of some cooperating leading nations of the world, from participation in a monetarist system to a Hamiltonian type of credit system, there is no chance for what might be called a survival of any national economy on this planet today. This will be made clear to all who are not deluded, by developments already coming to the surface during the month of October.

For example: if we could presume that the present policies of the Obama administration were to be continued through the month of October and slightly beyond, the U.S.A. is already

as good as doomed to the worst physical breakdown of its society since the adoption of the Federal Constitution. Death rates would soar beyond the powers of imagination of most living today, even way beyond the already frankly homicidal intentions of the Hitler-modelled IMAC (Independent Medicare Advisory Council) provisions for the proposed Obama health-care “reform.”

Now turn our attention to the next question. Presuming that the reforms which I have proposed are not being introduced into U.S. law and official practice during October, what form of expression would a consequent, general breakdown-crisis of the U.S. economy assume?

Perception or Reality?

As I presented the conclusive evidence of this fact for the case of the 1971 collapse of the U.S. economy under the U.S. Nixon administration, as in my defeat of the leading British Keynesian economist Abba Lerner in a celebrated December 1971 debate, the incompetence of the predominantly pro-Keynesian, or worse economists rampant in academic and comparable posi-

tions still today, is shown by such persons' failed forecasts, as so shown by comparison with my own, relatively infallible record since 1956-57. Their forecasts have been premised chiefly on, either purely monetarist considerations, or studies of physical-economic processes as interpretations adapted to monetarist statistic methods. The assumption that the character and regulation of patterns of net physical growth in economies can be defined by, and adduced from statistical methods generally, is a terrible fallacy which ignores the determining influences of physical-capital factors underlying both physical production and productivity.

In other words, the physical changes in productivity, per capita and per square kilometer, are principally determined by the combination of principled physical-scientific factors and the relative impact of a modality of Classical artistic culture in poetry, drama, music, painting and sculpture. The crucial role of such cultural factors is *dynamic* in the sense of Gottfried Leibniz's exposure of the fraud of Cartesian mathematics, as that proof was relevant to the role of the modern physical-scientific sense of the Classical term "dynamis," as "dynamics" is the underlying principle in both matters of physical science and Classical artistic composition. It is those creative faculties unique to the human Classical modes of the imagination from which the creative powers of physical science are derived. The case of Albert Einstein and his violin, is typical of the essential role of this connection of Classical artistic composition to valid expressions of scientific progress.

As my own relatively unique successes in economic forecasting have illustrated this fact, it is only through viewing the matters of monetary, financial, and physical-economic functions of national and world economy in that way, that the original character of changes in the relative productivity of world and national economy can be accessed. Not the least of these considerations is the role of creativity within the cultural habits of the population, including consideration of that underlying expression of the general disposition for creativity exhibited by the relative role of Classical artistic, as distinct from populist modalities among various strata of the population. Cusa, Kepler, Fermat, Leibniz, Riemann, Einstein, and Vernadsky are typical of this factor of the relative weight of culture affecting economic productivity of nations and their populations.

As that follower of Bernhard Riemann, Academician V.I. Vernadsky, has demonstrated, the relative potential productivity of a national culture, per capita and

per square kilometer, can not be measured by any fixed mathematical standard. The increase of the relative productive powers of labor, as measured both per capita and per square kilometer of territory, demands those increases in relative potential energy-flux-density of sources of applied power which offset the depletion of the relatively richest deposits which the Biosphere has left behind for various forms of mining by the Noösphere.

This just-cited factor, for example, has determined modern society's ability to reach the Moon, and will determine the feasibility of regular transport of people, as distinct from mere "things," between Earth's Moon-orbit and Mars. That is to emphasize the crucial importance of the requirement of fusion propulsion for delivering human passengers in travel between Earth-Moon orbit and the lunar orbit of Mars. It is only through the more or less steady increase of the modes of energy-flux-density employed, that the survival of the human species on Earth depends. Fission and fusion are today's benchmarks of existing human cultures' fitness to survive.

This factor of required increase of energy-flux density, is correlated with relative capital intensity. Only through relatively "geometric" rates of increase in basic economic infrastructure, including that of modes of production, can even the mere potential population-density of a society be defended.

These conceptions were built into the economy of what became the United States since approximately 1620, and were echoed as a matter of principle by the anti-Manchester policies of Chancellor Otto von Bismarck, as the same conceptions are to be found in the policies of France under Louis XI and the role of Jean-Baptiste Colbert and the role of the Ecole Polytechnique of France under the pre-1815 leadership of the circles of Gaspard Monge and Lazare Carnot.

Thus, those notions of capital-intensity are built into the American System of political-economy, as that notion was associated with the work of Alexander Hamilton's specifications for the American System of political-economy. That notion of a science of physical economy, as opposed to monetarist dogma, is the historical root of competent scientific notions of maintenance and increase of the per capita and per square kilometer productive powers of labor up through the present day. In my own work, I have simply emphasized more up-to-date physical standards.

In the matter of applying this view of the principles



NASA

With a Moon-Mars mission using increases in energy-flux-density of applied power, mankind can develop worlds beyond Earth. Here, Expedition Six crew members are in the functional cargo block of the International Space Station in November 2002. Donal Pettit of NASA (front) was the ISS science officer. Cosmonaut Nicholai Budarin (back left) was flight engineer, and astronaut Kenneth Bowersox mission commander.

of any competent expression of a science of economy, and of economic forecasting, these conceptions, as encapsulated in my crafting and use of a “triple-curve” function, provide the degree of approximation of a practicable every-day economic science suited to the shaping of a competent U.S. national policy, and also a system of global cooperation among a set of fixed-exchange-rate credit-systems of a world economy.

One we have settled upon that standard, we next turn to the obvious matter of reversible, as distinct from irreversible declines in a particularly organized system of national economy. Thus, to what we are properly seeking, in approaching the question of whether or not an irreversible down-shift in a particular system of national economy, or world economy, has been reached.

Thus, when I speak, or write of a breaking-point downward in the October state of the U.S. national economy, my standard is that of the test of implicit non reversibility of a qualitative down-shift in the productivity of that economy as presently composed. This means a condition which can not be escaped by any means short of a qualitative change in the present organization of the structure of that economy. In this present case, that means a required shift from the present, monetarist, form of a hopelessly bankrupt form of economy

under the thumb of the Federal Reserve System, to re-establish the rule of the credit system specified in the U.S. Federal Constitution.

It is the function of a U.S. return to its constitutional credit-system, away from the monetarist systems which pollute, for example, nations such as Russia, China, and India today, which defines the indispensable role of the U.S.A. in any competent effort to avoid a planet-wide plunge into a new dark age. The refusal of such a role by any among that “big four” would now mean a general breakdown of every economy of the planet, at a very early stage.

Unfortunately, the only alternative, and that is very much temporary, to what I have proposed again, here, would be a savage dictatorship comparable to that of the Hitler war-time dictatorship in

Germany. In other words, for the U.S.A., this means either my approach, or a savage, mass-murderous form of Hitler-like austerity, imposed by the present Obama administration.

You see: you do have a choice, but only for the short term, as Hitler might have said during his last days in the bunker.

In other words, it is the absence or present imposition of precisely those reforms which I have presented, which will determine the chosen direction in the fate of the U.S. population during the weeks immediately ahead.

Therefore, in any case, an implicitly irreversible, significant downshift in the level of financial support of population and institutions, under post-September 30th conditions, would be an irreversible, probably fascist-style political down-shift of the entire U.S. economy, which would be sufficient evidence that the next phase of general collapse of both the U.S. economy, and also, therefore, the world economy at large, has occurred. In other words, either a precipitous collapse in the market, or a sharp turn toward pro-fascist modes of austerity, would suffice to prove that a qualitative change with the characteristics of a breakdown-crisis has been confirmed.