

The IMF demands Weimar-style hyperinflation

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Unless the United States government acts, very soon, to stop him in his tracks, the “bail-out conditionalities” which an imperial IMF Director, Michel Camdessus, has dictated to South Korea, will have launched the entire world into a global replay of the famous 1922-1923 Weimar Germany hyperinflation. Given present global conditions, unless President Clinton intervenes, very soon, to reverse this imperial lunacy of the IMF, an inevitable hyperinflationary explosion would make the 1923 Weimar hyperinflationary bubble appear, relatively speaking, a model of fiscal conservatism.

Thus, Director Camdessus, like the Emperors Nero and Caligula before him, appears to be a mass-murderous lunatic. To understand what he has done to Korea, turn your attention to my now somewhat famous pedagogical tool, my “Triple Curve” (**Figure 1**). His conditionalities, if met, can have no other results, but either an early political revolution which decapitates any government submitting to such IMF conditionalities, or a hyperinflationary explosion which will be not only far bigger, but, much faster-growing than that which Germany suffered during 1922-1923.

Look at Figure 1 again. His conditionalities demand a savage lowering of the level of physical-economic activity and output: the bottom of the three curves. His “bail-out” scheme generates an influx of nominal monetary assets, the middle curve, to sustain fictitious capital gains in the domain of chiefly speculative financial liabilities, the upper curve.

In the case of South Korea, the amount of monetary input presently required is in excess of \$200 billions equivalent. What is the comparable figure for a Japan bail-out, if the present policies continue there? \$500 billions? Perhaps \$1 trillion? Next, Brazil, a much bigger case than Korea. Argen-

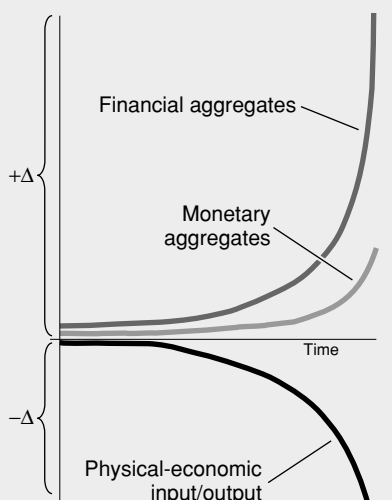
tina, already in much worse a state than South Korea. How about Russia? Is there anyone so silly, that he, or she would imagine that a couple billions U.S. dollars equivalent, could deal with the imminent systemic threat of disintegration of a former thermonuclear superpower?

Look again at Figure 1. Since the international financial system is already operating on the steepest slope of the upper curve, the repetition of the recent Japan and Korea bail-outs, combined, in additional areas, such as the immediately likely cases of Brazil and Russia, becomes assuredly an immediate detonator of a hyperinflationary explosion, flattening the world around it like the explosions of the volcanic islands of Thera and Krakatoa, somewhat like Mount St. Helens.

The IMF Director’s manifest madness is not an isolable case. Consider, for example, our local “Caligula,” Ayn Rand fanatic, and Federal Reserve Chairman Alan Greenspan. Or, consider one of Greenspan’s leading Wall Street constituents, former Citibank chief Walter “Bakunin” Wriston, who recently went totally over the edge, in hailing what he described as the advent of absolute monetary and financial anarchy, in a sermon on the subject of “information money,” delivered to the faithful gnomes and goblins of the Cato Institute.¹ It is often said, that “whom the gods would destroy, they first make mad.” In such cases of prospective “Belshazzars” among nominal bankers like Camdessus, Greenspan, and Wriston, or nominal economists such as Jeffrey Sachs, Rüdiger Dornbusch, Paul Krugman, and the Mont Pelerin Society types generally, the Olympian intimation of their imminent destruction is most compelling.

1. As broadcast on C-Span 2, on Dec. 3, 1997.

FIGURE 1
A typical collapse function



LaRouche's "triple curve" schematic shows how the IMF's bail-out schemes will only make the economic crisis worse, gouging physical-economic activity and generating hyperinflation.

For the benefit of those of you sitting in the back rows of this hall, let me put it another way: These bankers are crazy. What then, must be said of those governments and other influential institutions which tolerate the kind of imperial rape which Director Camdessus performed upon the nation and people of South Korea during Pearl Harbor Day week?

The Furies approach

For the present weeks, history has halted, while it decides where next to go. What are usually considered distinctions among short-term, medium-term, and long-term effects, are now clumped together, almost as within one, common, indivisible point in financial-monetary space-time. Look again at Figure 1.

Speaking mathematically: the already functionally hyperbolic rate of change of ratios (among the respective, modularly interdependent rates of curvature) of the three curves, has reached a point of almost vertical slope. This defines, mathematically, an historical, monetary-financial discontinuity in the world's financial and monetary processes.

In physical-economic, as distinct from merely mathematical terms, this discontinuity represents a functionally defined "boundary condition" of the combined financial, monetary, and economic process. At this juncture, what were previously distinguished as respectively short-term, medium, and long-term relations, are each and all collapsed into a tiny, common region of economic space-time.

Throw out all your market charts. Throw out all your market theories. "The Great Yuppie Casino in the Sky of Virtual Reality," the electronic-age Bogomil's version of Paradise-Hell, has a real, not merely virtual bomb under it. It is

both a hyper-deflationary and simultaneously hyper-inflationary bomb, which is about to blow. The self-destruction of the volcanic islands of Thera and Krakatoa, and the explosion at Mount St. Helens, were only dress rehearsals for what is building up fast, under the surface of today's financial-monetary-economic world as a whole. Now, financial-monetary space-time is almost frozen, waiting for this explosion to occur.

Meanwhile, in Washington, some aspects of this worsening crisis are recognized at the White House. The President and his people are not as stupid, as most editors of our customarily lying U.S. daily print and electronic news media. The problem is not that the White House does not know that the Japan and Korea "bail-outs" can lead to nothing but global disasters. The problem, so far, has been that they are, apparently, more afraid of the political risk involved in what they suspect the remedy to be, than they are of the real-world disaster which, in the cases of Japan and Korea, they might have prevented, but did not.

However, do not look at the White House as if President Clinton and the local "heavy," Alan Greenspan, were merely gladiators deployed into some Roman-style arena, to bleed there for the pleasure of your lusting proletarian thumb. As you know, rooting for a gladiator, or a football team, requires no courage, presumes neither intellectual competence, honesty, nor perceived risk to the onlookers. (That is the source of the pleasure derived from popular spectator sports: watching the gladiator being carried off the field of carnage.) The biggest single problem President Clinton has, is not Alan Greenspan; it is you, the spectator. Are you willing to take the risk of supporting him against both the viciously lying daily news media, and the Congress's lunatic right, if he were to make a turnabout, and resist the lunacy to which the U.S.A. submitted in the cases of the Japan and Korea "bail-outs"?

Stop the immorality of being a spectator. Put yourself in the arena, for a change, while, for a change, the President and I, among others, watch you do some of the fighting for your life, your nation, your posterity. Either you "peacetime patriots" take some of the risk of fighting in the arena, or you and your family do not have much chance of surviving the several remaining years of this failing century. Duck this call to war, and you will have no reason to complain when the war is lost by aid of your default: when your nation and your posterity are thrown helplessly into the ruin your act of evasion brought upon yourself.

The party is over; thirty-odd years of New Age foolishness lie buried under heaps of stinking, soiled paper and cigarette butts. It is time for you to return to the real world, while it is still possible to save us all from what Director Camdessus's imperial folly portends, for the very near future. If you fail to do what has been proposed to you, as your duty, here, perhaps it is you that will be seized by the famed Furies of Greek Classical tragedy.