

Poor Paul Krugman

by Lyndon H. LaRouche, Jr.

Jan. 2—One way or another, it appears that there are bad Times ahead for poor Paul Krugman. As it stands at the present moment, either Poor Paul goes down with the U.S. economic ship, which is bad for Paul's state of mind, or the U.S. finds a happier future as a member of the Four-Power Agreement among the U.S.A., Russia, China, and India, which will make Paul about as mad as the legendary Rumpelstiltskin on the day the evil dwarf did not get the baby.

In one way of spinning the situation around the *Times*, Paul has been a kind of "teacher's pet" of his particular sort of graduating class. His problem, rather like that of the captain of the Titanic, is that he stayed too long with the crowd on board what seemed like the more comfortable political place to be, a bit shoddy these days, but, apparently the pay checks keep coming, at least up to now.

If the U.S.A. keeps on its present track, under the crowd rooting for Obama, then Paul goes down with Obama and the rest of the U.S. economy, soon. If the U.S.A. does not go under, it will be because I have been right all along. Paul's reputation as a forecaster of China's future, is absolutely ruined by his own churlish ambitions.

The essential fact of this matter, is that the present, London-based financial world is doomed, whatever else

may come, and Paul is clinging fast to his stateroom on that doomed ship which is the world's present, London-centered monetary system. Like the bettor whose horse came in last, Paul the betting man has placed himself among the losers, either way: if he is betting on President Obama's cause, the track is about to be closed down, and no bettor is paid; if the U.S. recovers, Paul is eternally pitied for the foolish bettor he was. For Poor Paul, like Her Majesty, the new year will be a horrible one for his ego, and, almost certainly, his purse.

Remember Weimar

Lazarus was fortunate. For the present British monarchy and its worshippers, there is no recovery, no future beyond the short run to doom immediately ahead. The latest turn in the Obama Administration's perspective is a Weimar-style hyperinflation on a global scale, and soon. Fat, short-lived lies put to one side, there never was a sign of recovery under President Obama, and, almost certainly, never will be.

I restate the point I have just made, in the following way.

First of all, there never will be a recovery of any part of this planet for as long as the present Anglo-American policies of the British monarchy and its American Congressional toadies remain in power on the planet. Directly contrary to Poor Paul's foolishness, only if China wins out over London and its Royal

toadies at the *Times*, is there any chance for the U.S. economy at this time.

The only way in which a very early plunge into the darkest and deepest depression ever could be avoided, is putting the world as a whole through a sudden change from the present monetarist system, to a global, fixed-exchange-rate credit-system, through a fully Hamiltonian bankrupting of all financial claims which do not qualify under the equivalent of a President Franklin Roosevelt-style, Glass-Steagall reform, and that suddenly about now: a resumption of a Hamiltonian system of national banking as a way of organizing a global partnership among respectively sovereign nation-state powers grouped around a protectionist program built around the world's most powerful sovereign nation-state republics: The U.S.A., Russia, China, and India, and the sovereign partners associated with that formation.

Wall Street and its like in London must take the grandest bath known to modern world history. The road to recovery is a return to capital-intensive growth of production and associated basic economic infrastructure, all based on the immediate perspective of a global nuclear fission and thermonuclear fusion age which brings humanity to massive development of both the Moon and Mars during the remaining decades of this present, young century.

Bet on the future, rather than the *New York Times'* often dubious past.

Krugman Declares Economic Warfare Against China

Jan. 1—In his New Year's Day *New York Times* op-ed, Paul Krugman wrote: "I predict that 2010 will be the year of China. And not in a good way. Actually, the biggest problems with China involve climate change. But today I want to focus on currency policy.... Instead, it follows a mercantilist policy, keeping its trade surplus artificially high. And in today's depressed world, that policy is, to put it bluntly, predatory...."

"My back-of-the-envelope calculations suggest that for the next couple of years Chinese mercantilism may end up reducing U.S. employment by around 1.4 million jobs...."

"The larger point is that the same forces that make Chinese mercantilism so damaging right now also mean that China has little or no financial leverage. Again, right now the world is awash in cheap money. So if China were to start selling dollars, there's no reason to think it would significantly raise U.S. interest rates. It would probably weaken the dollar against other currencies, but that would be good, not bad, for U.S. competitiveness and employment. So if the Chinese do dump dollars, we should send them a thank-you note...."

"The bottom line is that Chinese mercantilism is a growing problem, and the victims of that mercantilism have little to lose from a trade confrontation. So I'd urge China's government to reconsider its stubbornness. Otherwise, the very mild protectionism it's currently complaining about will be the start of something much bigger."