

Editorial

We have entered an area of phase-shift

The following is an excerpt from Lyndon LaRouche's address in Grand Rapids, Michigan, on Feb. 16:

Now, what's the situation? Right now, despite this talk of "prosperity," the world economy, the world financial system, is ready for the biggest bust in several hundred years. You'd have to go back to the 17th century, to the period of the religious wars before 1648, to find an economic condition as bad as that which threatens the world right now. Or maybe earlier, back to the 14th-century Dark Age.

That's the direction we're moving in. Right now, this financial system is going—it's gone. On the stock markets, the international markets, the past weeks or so, the past three weeks, there has been, as I knew would come, an increasing turbulence. The market goes up, down, up, down, up, down.

On the one hand, you have the bankers like Alan Greenspan, who is not a magician, who are pumping money into the system, to try to keep the financial market and the financial indexes up. The printing of money is the greatest in history, among all nations.

Japan is about to blow up. The U.S. dollar depends upon Japan's inflation, monetary inflation, to help keep the stock market up. The European bankers are generating cash, putting it into the system at a great rate—real cash, fake cash. Every time the market goes down, you watch them. They'll run in with several hundred billion dollars more of currency, to pump the markets up. And firms like Goldman Sachs and so forth are there to pick up the money and pump it in, and get the markets up again.

Then you wait a couple of days, and the market goes down. If you sit and you watch this thing closely in Europe and the United States, and Japan, what you see, is something like the wildest roller-coaster you ever saw. Up, down, up, down, up, down. They're talking about prosperity.

What we're at, is, we're like a jet in the old days, when they were first trying to get through the so-called sound barrier. You try to get that plane through that

sound barrier. As you get to that point, before they figured out exactly how to do this, there was a lot of rumbling and turbulence, as you get through what's called the sound barrier area—the trans-sonic region. And then later, we figured out how to get through this thing.

But we're now in an area of turbulence. Now, this kind of turbulence is called in physics a "phase-shift." We have entered an area of phase-shift. People want to know what day the market is going to collapse, and by how much. That's not the question.

The question is: Are you going into a phase-shift area? We are now in a phase-shift area.

Take, for example, one thing which is symptomatic: heating oil prices. You've got two aspects to heating oil prices right now. It's a great crisis for the United States communities. There are surcharges going on airplane tickets, because of the rise in the price of fuel. Oil went up to—what?—\$28, \$30 a barrel, that vicinity recently. They'd been down about \$10.

What's happening? Because of the monetary inflation behind the financial inflation, we're having the beginning of a kind of inflation, like Germany in the spring and summer of 1923—whenever you try to keep a financial bubble afloat by pumping money into it, the way the German printing presses in 1923 were doing to try to keep the German Reichsmark afloat by pumping money in to pay off the debt. Up to that time, the German mark remained rather stable, in terms of prices. In the summer of 1923, suddenly the stability ended and prices began to go up. And the rate at which the prices rose, accelerated. By October-November of 1923, the Reichsmark no longer could print itself fast enough, to cover the rate of inflation.

What we have now entered, as you see reflected in heating oil prices—two or three causes. But the essential cause, is that we are now experiencing a global hyperinflation in real asset prices. It will hit food prices. It's hitting heating oil prices, and it will hit in other things very rapidly. We're in that kind of period of turbulence, a period of phase-shift. And the system is ready to go. . . .