

New EIR Study Presented at Berlin Seminar

by Ortrun Cramer

Authors Michael Liebig, Lothar Komp, and Dr. Jonathan Tennenbaum presented a newly published German-language study, "Hyperinflation and World Financial Crisis," by EIR Nachrichtenagentur (EIR-NA), during a well-attended seminar on Nov. 6 in Berlin. Among the audience were representatives of several embassies, mostly from eastern European countries, the press, industrial and economic associations, and trade union organizations. In addition, there were members of the "LaRouche network," i.e., readers of the LaRouche movement's German newspaper *Neue Solidarität*, and of other LaRouche publications, and members of the Schiller Institute.

The study is grouped around two fundamental contributions by Lyndon LaRouche, "Regional Organization Under a New Bretton Woods" (*EIR*, June 16, 2000) and "Trade Without Currency" (*EIR*, Aug. 4, 2000), in which he shows concrete ways in which worldwide chaos, following an uncontrolled collapse of the international financial and monetary system, can be avoided. Also, LaRouche's "Memorandum on Emergency Measures To Lower the Oil Price" (*EIR*, Sept. 29, 2000) is included in the study.



Lothar Komp speaking at the presentation of EIR's report, "Hyperinflation and World Financial Crisis," in Berlin. EIR's Michael Liebig is in the foreground at the speakers' table.

Michael Liebig, executive director of EIR-NA, summarized the full extent of the global strategic and economic crisis. On the eve of the American Presidential elections, whose chaotic results Liebig was then forecasting, neither Democratic nominee Al Gore, nor Republican nominee George W. Bush was offering any perspective of dealing with the crisis realistically, let alone offering any hope for a successful solution. Liebig stressed the importance of LaRouche's initiative for a New Bretton Woods global financial system, which has found active support among prominent politicians and economists in many countries. He singled out as examples, the initiative of the Association of Southeast Asian Nations plus China, Japan, and South Korea ("ASEAN-Plus-3"), during the annual meeting of the Asian Development Bank in May in Chiang Mai, Thailand, and the parliamentary proposals presented by Italian politicians, including most recently the motion by 25 Senators from several political parties for a New Bretton Woods conference.

Lothar Komp, author of the study's essay "Hyperinflationary Money-Creation Returns," illustrated the nightmarish parallels between the hyperinflation in Weimar Germany of 1923, and the now-exploding inflationary trends following 1971, when President Richard Nixon decoupled the dollar from gold. In particular, financial speculation, including in the gigantic derivatives area, led to the huge indebtedness of the United States, including public debt as well as that of private households, the main symptom of the crash now looming.

In conclusion, Dr. Jonathan Tennenbaum investigated how the years-long policy of "liquidity pumping" by the central banks had led to enormous inflationary pressure. The apparent price stability of the past years—which has sometimes seen even declining consumer prices—was essentially

the result of a depletion of existing industry and agriculture, as well as cheap imports from developing countries, mainly into the United States. At the same time, consumer credit soared, and more than half of all American families tried to improve their income through stock market speculation. The explosion of prices for oil and gasoline were creating fears of inflation in the general public, which could lead to a situation where, suddenly, a widespread demand could emerge in the markets: "I want my money now!" This, in turn, could lead the central banks to kick their money-printing presses into a higher gear, so that 1923 would be repeated, only on a much larger scale.