EDITORIAL

When LaRouche's 'Triple Curve' Foresaw Today's Hyperinflation

Oct. 9—A generation ago, a schematic of an economic "Collapse Function"—a hyperinflationary breakdown process, was put forward by economist-statesman Lyndon LaRouche at a conference in Rome, Italy. Since then, no economic forecast has come close to its accuracy and clarity. Called the "Typical Collapse Function," or "Triple Curve," it shows that if physical production is declining, while the volume of financial aggregates (debt) is rising, and monetary aggregates (money-printing) are rising to support the difference, a phase is reached in which economic shocks set in, and then a hyperinflationary blow-out can occur. He released that in 1994.

EIRNS/Stuart Lewis

Lyndon LaRouche discusses his "Triple Curve" typical collapse function, at a Schiller Institute Conference, January 17, 1998.

LaRouche also warned repeatedly in the years afterward, don't comprehend things in any of the simplistic terms of mere price inflation, market correction, supply-and-demand, or some single culpable factor. In March 2000, for example, during the U.S. gas-pump spike in prices, he warned, "This is simply, predominantly—it is not some 'market this, and market that'—it's a hyperinflationary process, which has taken off," and behind it are larger dynamics.

At the turn to the 21st Century, chunks of the huge edifice of securitized debt began to break off—the "IT bubble"; the so-called "Asia Crisis" with its plunging stock markets; Russian bond debt; Brazilian bond debt. The big London and Wall Street banks, with derivatives, were essentially printing large volumes of money themselves in order to prop up these collapsing debt bubbles.

LaRouche clarified further: When the money supply, trying to keep a rapidly increasing mountain of debt liquid, is being artificially increased more rapidly even than the debt itself—at that "crossover point" a financial crash is looming. In mid-2007 LaRouche publicly announced that that crash was unstoppable, except by an immediate and complete reversal of financial and economic policy launched by bankruptcy reorganization of the largest New York and London banks. The crash came in late 2008.

In the global economic collapse of 2008-10 called the “Great Recession,” the central banks and U.S. and European governments refused to *allow* the collapse of the debt mountains on the books of the big London, Wall Street and Frankfurt banks. Instead, they began printing vast volumes of new currency against the credit of nations, to bail out those banks’ debt bubbles.

Taking the United States as an example, total debt in the U.S. economy has grown by one-third from 2008 to now; but the total assets of the Federal Reserve, representing the debt it has turned into newly printed money, are ten times larger. And the productive economy underneath it has shrunk since 2019 by 500,000 productive jobs, 5.5 million jobs overall, and has lost 3% of industrial production. The American workforce itself has shrunk by 5 million since 2019.

That money-printing policy meant that the Triple Curve collapse function will end in an economic breakdown far worse than the Great Recession, and/or an explosion of *hyperinflation* as in Weimar Germany in 1923-24, the precursor to the Malthusian fascism of Hitler and his Economics Minister Hjalmar Schacht.

The chain-reactions of breakdown underway today are dramatic, given the combined effects of decades-long de-structuring of production, with whole sectors of manufacturing and agriculture relocated to cheap-labor sites. There is decrepit transportation from years of lack of infrastructure-building in the trans-Atlantic countries. Add to this, the sweeping deregulation, spot markets, and speculation. You get shortages and spikes in prices in electricity, fuels, and other necessities.

Look at the food chain. World food prices are up year on year by 32.8 percent in September, according to today’s UN Food and Agriculture Organization Index (for globally-traded foods). In America, prices for cropland and inputs are soaring. In Iowa, August’s all-time record price was $22,300 per acre; but this week came a new record of $26,200. Fertilizer prices rose 5% percent from August to September, potash went up 13%.

Lyndon LaRouche, in addition to his conceptual diagnosis of the crises, specified the actions to reverse this collapse function. His 2014 “Four New Laws To Save the U.S.A. Now!” embodies the principles for action. This outlook will be featured at the Schiller Institute’s two-day international conference (online) in mid-November.