

EDITORIAL

Central Banks’ Tens of Trillions Have Led to an Inflationary Collapse

Oct. 18—For a decade after the 2008 global financial crash, the major central banks wrung their hands that they could not “stimulate inflation” anywhere near 2%. Now since their “regime change” decision at the August 2019 Jackson Hole, Wyoming bankers’ conference, they have shocked even themselves by setting loose an inflationary storm which has, as it has blown across the world, dramatically increased inequality, unemployment and poverty in the formerly developing countries. London and Wall Street have blamed this on the COVID-19 pandemic to try to motivate a “Great Reset,” the so-called Green New Deal. But they have caused it, since the September 2019 “repo crisis,” by taking the vast oceans of new electronic reserves the central banks have created for them and turning them into pure speculation.

If an accounting published today by the Visual Capitalist [blog](#) based on bank statistics, is accurate, it is a veritable picture of central bank hyperinflation. It finds that total, worldwide household wealth fell during 2020, but by mid-2021 it was 7.5% *higher* than mid-2019, at about \$420 trillion total, or up about \$30 trillion from 2019.

That \$30 trillion is right in the ballpark of the estimated total “QE,” the money-printing by major central banks in the trans-Atlantic region, Japan, Korea, and the large-scale new government borrowing for “COVID relief” by the United States Treasury. Of that \$30 trillion newly-printed wealth, \$22 trillion is in North American and European households—if you can call trusts and tax shelters “households”—the rest in China and Asia. In India household wealth in the same period

fell by \$600 billion; in South America by \$1.2 trillion. A full 45% of that global “household” wealth is now owned by the 1.1% of wealthiest “households.”

The “wealth” grew where the central banks created massive new reserves and the big banks converted them into speculative loans, not elsewhere.

That concentrated wealth is the effect of a hyperinflationary central bank money-printing policy; but it would not be setting off storms of inflation without the simultaneous absence of productive investment—new productive employment—in the “advanced” economies, and indeed the concurrent *destruction* of economic productivity by “the great leap backward,” the Green New Deal. *EIR*’s warning [report](#) of February 2021, called *The Great Leap Backward*, fully described what has happened since. *EIR* has warned since mid-2020 about the return of “Schachtian” fascist economics, which combines massive money issuance with technological regression and cannibalization of labor. The warnings were based on those of Lyndon LaRouche 50 years ago.

In fact, we should think of “the Great Inflation” of the 1970s, as LaRouche alone described it *in August 1971*. Then, the highly productive economic relationships of the Bretton Woods monetary system were destroyed by President Richard Nixon’s forced blunder, removing the dollar from its gold-reserve-backed status, and those relationships were replaced by massive international speculation. The eurodollars and petrodollars of that new global debt speculation were created by the City of London banks themselves, then joined by Wall Street! And the printing of these dollars

of international debt was arranged to be backed by the revenues of oil producers—as if magically, there followed hyperinflation of oil and other fossil fuel prices.

LaRouche [explained](#) years later:

Now, that meant that the dollar was now in jeopardy. Then, you had the oil crisis of the 1970s. Now, there was no shortage of oil, except an artificial one. Every tanker in the world was sitting off the U.S. coast ready to deliver oil, and couldn't get it delivered....

Before that event, the spot market, based in Amsterdam, had been a very minor part of the world petroleum marketing. Now, suddenly, the British—who are the key factors in this thing—made a new arrangement with the King of Saudi Arabia. And the organization, which is called today the BAE, was set up as a Saudi-British secret intelligence-military operation. So, ... there was out of this, an agreement under which

the Saudis did a corrupt operation with the British intelligence services, using the spot market. So, vast amounts of unrecorded money and profits were deposited to the British BAE and related services....

The effect of this was to make the dollar, which was still being used, no longer really a U.S. dollar internationally. It became an Anglo-American dollar, a “petrodollar.”

That explanation was given to an audience in Rome in July 2008. A year earlier LaRouche had already told an international [webcast](#) on July 25, 2007, that the collapse of the post-Bretton Woods financial system could not be stopped or postponed; it was imminent—as became obvious to all in September 2008.

- Watch Harley's Updates with Harley Schlanger for October 19, 2021 and every weekday morning on The LaRouche Organization website, Harley will give you the strategic briefing you need to start your day.