

## EDITORIAL

---

# LaRouche PAC Issues Emergency Call To Pre-Empt Trans-Atlantic Economic Breakdown and Chaos

July 24—The LaRouche Political Action Committee issued an emergency call July 21, for a mobilization to pre-empt the chaos and devastation that will result across the Americas, Europe, and beyond, if measures are not taken immediately to initiate a Glass-Steagall re-organization of banking and credit, and proceed to a full economic recovery program as defined in Lyndon LaRouche's June 10, 2010 proposal, [\*Four New Laws to Save the U.S.A. Now! Not an Option: An Immediate Necessity\*](#). This has now become a matter of life or death.

In a discussion with associates on July 20, Mr. LaRouche said, "Wall Street *is* the problem. This is a key issue which must be pushed to the top, to be followed through, to prevent this danger to the economy as a whole."

As this issue goes to press, trigger points are lying in wait throughout the trans-Atlantic financial system, any one of which is capable of igniting and exploding trillions in toxic debt and unpayable claims—bringing down the entire financial system, and the physical economy with it. They include everything from the U.S. consumer debt bubble, to bundled auto loans, to corporate bad debt, and quadrillions of dollars of exotic financial derivative "products."

Perched at the top of this financial/monetarist nightmare is the Wall Street/City of London crowd, insisting that nothing needs to be done. They have lied—and continue to lie—that "we are past" the 2007-2008 crisis, that the "system is sound." Nothing could be further from the truth. In a recent discussion, Helga Zepp-LaRouche stressed that not only did the massive 2008 bail-out solve nothing—but it actually transitioned the

system into a mode of accelerated looting of the population in the United States and Europe—looting the American and European people in a desperate attempt to try to maintain and continue this financial bubble. We are now reaching a new inflection point in that crisis.

### The Reality

On any given day, look at the headline reports of the reality of the fragility of this system, and of the mass suffering it's causing!

In Italy at present, there is a criminal European Union "management" process of the so-called banking crisis under way, in which the EU is ordering a massive destruction of families' resources. Within the past few days, financial experts have warned that 16 out of 19 Italian banks that were tested, currently fail to meet the EU standards regarding non-performing loans. Instead of subjecting the Italian banks to Glass-Steagall reorganization (separating regular commercial banking from speculative practices), the EU has decreed a sell-off of the banks' non-performing loans (NPLs), in such a way as to drastically devalue the collateral behind them, which is often household and industrial real estate. Out of 88 billion euros of such collateral, an estimated 63 billion euros is expected to vaporize. This means the impoverishment of millions of families and businesses.

Take the example of Texas: On July 11, the *Houston Chronicle* reported that corporate defaults in Texas are higher today than they were during the 2008-2009 crisis. This includes some singular situations. One event described as "unheard of," was the collapse of a

Houston-based private equity fund called EnerVest, Limited, whose \$2 billion valuation fell all the way down to zero. Prior to this, when a private equity fund went under, losses would typically max out at 25%. Here, we had a 100% loss. In its coverage, the *Wall Street Journal* interviewed experts who warned of the same danger at several other energy-focused funds.

Nationally, corporate default rates have continued to rise throughout 2016 and 2017. Auto loan delinquencies are now at a rate comparable to what mortgage delinquencies were in 2006, just prior to the mortgage bubble collapse. And on top of all of this debt lies a mountain of speculative “multiplier” contracts and “bundled securities.”

### **It Is the People Who Suffer**

In the United States, this month, the first group of retirees is getting slammed with drastic cuts in their pensions, under a measure signed by President Obama in 2014, called the “Multi-employer Pension Fund Reform Act” (MPFRA). In Ohio, retirees from Cleveland Iron Workers Local 17 are incurring pension cuts of up to 63% because, when their group pension fund faced bankruptcy—as many do because of economic decline—the Obama law demands cuts as the “solution,” instead of using means such as the Pension Benefit Guaranty Corporation, set up in 1974 for just such contingencies. The ironworkers paid into their pension plan throughout their careers—some even took early retirement in exchange for the promise of a pension. Aging retirees are now plunging from the middle-class into poverty, with the threat of homelessness.

In the meantime, all across the United States there is a collapse of the physical infrastructure, from transportation, to water systems, to bridges. New York City is the international example, where chaos now threatens to erupt, as the subway, rail, and bridge systems experience almost daily breakdowns and crises.

It is the people who are suffering, whether it is through loss of their pensions, victimization by subway fires, or other infrastructure breakdowns, or seeing a loved one ensnared in the national drug-addiction epidemic, a product of our worsening cultural despair. This is not simply a banking crisis. It is a human crisis.

President Donald Trump was elected with an urgent mandate from the voters to stop the mass robbery, collapse, and rampant misery in the nation—and he has committed himself to Glass-Steagall and to

major infrastructure investment. This can only happen if the Wall Street command-and-control over the economy and government is busted up. Timing is critical. September 30 is the end of the fiscal year for the Federal government and many corporate and other entities—a time when accounts are due, but, at this point, they are untenable. Even before that, in the first week of September, millions more passenger trips will be attempted in New York City as school opens. Will it be carnage?

### **Conceptual Breakthrough Required**

The crucial change which must be made, lies in the way people think about economics. Almost no one in Congress, and very few individuals among the population, understand the issue of *Public Credit*, as it was defined by Alexander Hamilton, and as it was upgraded by Lyndon LaRouche. People look at what Abraham Lincoln built—such as the Transcontinental Railroad—or what Franklin Roosevelt built—such as the Tennessee Valley Authority—but people don’t know how these things were done. It’s just magic to most people.

For far, far too long, Americans have been brainwashed by the Wall Street-created phrase, “the independence of the markets,” and—particularly since the repeal of Glass-Steagall—they have acquiesced in a surrender of the sovereign economic power of their own government—and to an orgy of useless, destructive financial speculation by the perverse controllers of Wall Street.

There are two lessons that must be learned: First, that the magnificent economic accomplishments of Hamilton, Lincoln, and FDR were all made possible by the sovereign imposition of a policy of *National Public Credit* for building up the real physical economy—such as transportation, energy, and water systems in great projects of economic development; and, Second, that there is no possibility whatsoever, that President Trump’s stated desire to rebuild America’s infrastructure and manufacturing can be realized without a return to just such an outlook and approach.

Emergency action is required, both in the United States and in Europe. Bold action! Such action, beginning with the reinstatement of Glass-Steagall, must be taken now, prior to an otherwise inevitable financial crash. Pre-emptive action, as defined by Lyndon LaRouche, is the order of the day. Our actions now are the deciding factor.