

HISTORIC BERLIN WEBCAST

Waging the Fight for a Global Glass-Steagall

by the Editors

The leaders of the LaRouche movements in Germany and France, Helga Zepp-LaRouche and Jacques Cheminade, held their first joint international webcast in the German capital Berlin on June 30 at the Aquino Hotel. Coming only four days after Lyndon LaRouche's international webcast from the United States, the event served to underscore LaRouche's urgent message: The only way to avoid a nearly inevitable endgame crash of the world economic-financial system, is for the U.S. to remove President Obama, and restore the FDR-style Glass-Steagall banking law, as a precursor to launching a worldwide recovery.

Zepp-LaRouche and Cheminade were introduced by Karsten Werner of the German branch of the LaRouche Youth Movement, who featured their roles as candidates for Chancellor of Germany and President of France, respectively. Both addressed the strategic role which their respective countries must play in implementing the emergency financial reform, a global Glass-Steagall banking reorganization, in the immediate weeks ahead.

Following the two keynote presentations, which we reproduce here, the speakers held a dialogue with participants, which featured questions from numerous German institutions, a phenomenon reflecting the growing policy influence of the LaRouche movement in Western Europe.

Helga Zepp-LaRouche

Use the Coming Shock To Prevent Catastrophe

Welcome guests, ladies and gentlemen, viewers on the Internet. Today is, in fact, an historic day, June 30; it is not only the day on which the new Federal President of Germany has been selected; but it also exactly corresponds to the forecast that my husband, Lyndon LaRouche, made some time ago: that the world financial system would not survive the June-July period.

Some of you may have thought, that that was perhaps too bold. But we are in such a dramatic situation, that, in fact, in the month of July we will see upsurges and movements that will convince even the last doubter, of this thesis and forecast.

We are dealing with the complete disintegration of the global financial system. This is not a depression—as Paul Krugman, who previously spoke of a recession, and now speaks of a depression has asserted of late; there is nothing that can save this financial system.

What complicates the situation, what clarifies more

than anything, all the inaction of the governments at the G20 summit—with a qualification which I will come to in a moment—is that we are dealing with a real war; a war among financial institutions, which are absolutely determined to perpetuate, at any price, their system of exploitation, of high-risk speculation, of redistribution of wealth from the poor to the rich; to bear down on the mass of the population not only in the industrial nations, but throughout the entire world. And naturally, the nations of the Third World are ultimately the most threatened.

At the moment, the crisis is raging more violently in Europe and America; that is, in a certain way, it has been focussed in the trans-Atlantic area. But it can absolutely be said, that if a global two-tier banking system is not implemented immediately—a global Glass-Steagall standard; i.e., the separation of commercial banking from investment banking—then it is as sure as the “Amen” in the prayer that this crisis will very quickly extend to Asia, and then to the rest of the world.

We have just seen, that the G20 has met for the fourth time since the crisis broke out, now more than three years ago, and I had written beforehand, in an article, that the verdict afterwards would be: “Nothing but a big cocktail bill!” [“*Ausser Spesen nichts gewesen*”]. And the entertainment bill was really something; \$1.5 billion; but the governments did nothing to find a workable solution.

Germany Takes a Step Forward

And that is why I am so happy, and, frankly, so surprised, that the German government has taken an important first step in the right direction, or is about to do so.

It is a small bombshell, in German terms, that the government is going to adopt a draft law that will give banking authorities the power, in an emergency, to take banks under state protection. They will temporarily put aside the rights of the shareholders, using a special au-



EIRNS/Simon Jensen

Helga Zepp-LaRouche, chairwoman of the Civil Rights Movement Solidarity party, keynoted the Berlin webcast. She is flanked by a German and a French flag, to symbolize the alliance between those two nations which she and French Presidential candidate Jacques Chirac are working to build.

thority which can undertake the reorganization of a bank that is threatened with bankruptcy; the areas of its business that are relevant to the overall banking system will be divested, and then either a private purchaser or the SoFFin [Financial Market Stabilization Fund] will be brought in as a bridge bank; then the creditors will be offered stock shares, without the old common stock holders having to agree to it. Thus, this is a giant step in the direction of a two-tier banking system.

But we still have to see the exact, 111-page text, which, as of this morning, is still not available; and naturally we have to examine the fine print; e.g., what are the criteria for what is “relevant to the system.” And, of course, it has to be said that the SoFFin is a taxpayer-funded agency; so the question is whether the SoFFin comes under political control. In other words, there are several things in the fine print that we still have to study more closely, before I make a final judgment on this legislative draft.

But, on the other hand, the situation is so dramatic, as I would like to describe to you, that even an imper-

fect step which goes in the right direction is of the greatest importance.

Now, we have heard that this measure was well worked out with France and Great Britain in Toronto, where it was agreed that national laws would be implemented on this basis. That remains to be seen. Our friends in France were very surprised this morning, because they had not thought that President Nicolas Sarkozy would do any such thing. We shall see.

Of course, it has to be realized that this is not the entire solution, and naturally, the London law firms are constantly occupied in devising these things. But, as I said, it is a step forward.

Europe Is Bankrupt!

Now, it could not come at a better time, because the annual report of the Bank for International Settlements—the so-called “central bank for central banks” in Basel—has given alarmed estimates in its latest annual report. And, for a central bank which is normally so careful about keeping the markets calm, using “bankers’ language” that has such a nice, peaceful ring to it, this is really an enormity. They say there that, essentially, at any time, a new shock could occur, and that the situation is fundamentally unsustainable.

I will return to that in a moment. Yesterday the stock markets plunged by 3-4%, and underlying that, among other things, was the fact that the Banco de Bilbao in Spain began to sell shares wildly. Related to that, today is the day on which the term expires of the EU442 billion which the European Central Bank loaned to the European banks in a one-year tender; and the big question now is, where should the banks of the states that are in crisis—primarily Greece, Spain, Portugal, Italy, but now above all Spain—where should they get the money to repay, since all the capital markets and interbank markets are closed to them?

Pre-emptively, the head of the French central bank, Christian Noyer, who is also on the board of the European Central Bank, had already said, “no problem,” we will issue six-day money, or three-month money—which is naturally absurd, but some of the banks will go

FIGURE 1

Debts of European Banks to the European Central Bank

(Euros, Billions)

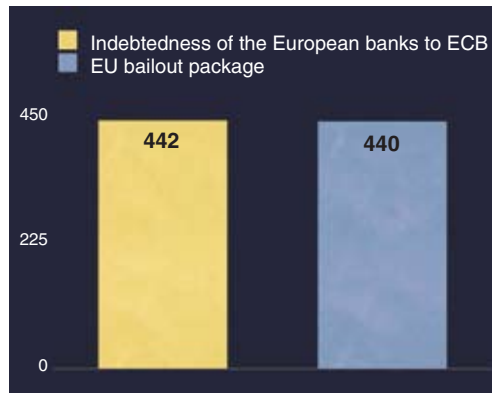
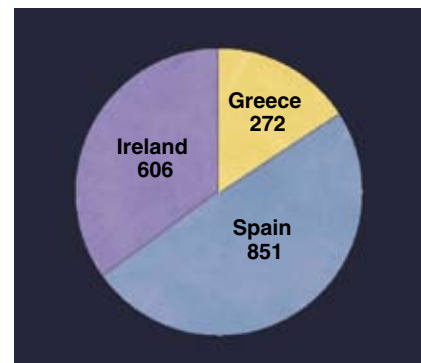


FIGURE 2

Open Positions of European Banks against Greece, Spain, and Ireland

(Euros, Billions)



for that, because they have such difficulty obtaining money anywhere.

Thus the BIS Annual Report is fundamentally not credible, because if one reads precisely what it says, it is this: The end of the system essentially has arrived. Because it says, that in case of a new crisis, which could be triggered by a shock of any size, the possibilities for new interventions by governments are limited; namely, if the state debt has reached a level which can no longer be borne, and if the governments can no longer act as the buyers of last resort; if they can no longer market their own debt, then a situation will be reached in which Europe will have access only to external sources of funds.

Now, where are these external sources? They are the U.S.A. and the IMF.

But according to our best information, the IMF itself will be broke in September—unless it also prints money—because the IMF is dependent upon the deposits of its member states, which naturally come from tax revenue, and on which, in principle, all parties have to agree. And that cannot be done in five minutes; it depends on certain elections, etc.

And, of course, the situation in the United States is also hopeless; the U.S.A. is facing state bankruptcy—how quickly, I’ll come to in a minute, but first look at the debt situation in Europe.

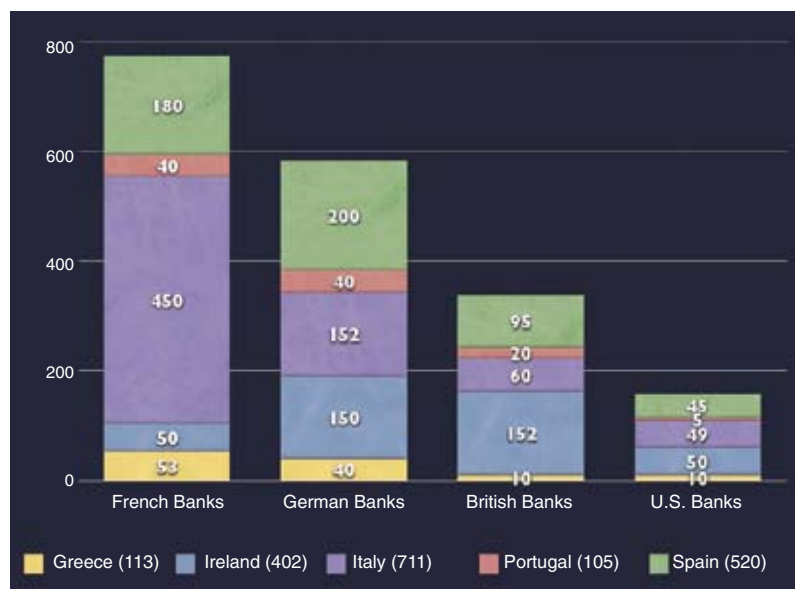
Here we see the total indebtedness of European banks to the European Central Bank (**Figure 1**). You can see that it is just about exactly the same amount as the EU bailout package.

Figure 2 shows the open positions of the European banks with respect to Greece, Spain, and Ireland. One

FIGURE 3

Open Positions of the Banks Against European Nations

(Euros, Billions)



sees immediately: Greece is really not so problematic, with only EU272 billion; the really big lump is Spain, with EU851 billion.

Figure 3 shows the open positions of the banks with respect to European nations. Again, the open positions against Greece are relatively small; the fat lump is, again, Spain—the French banks with EU450 billion, the German banks with at least EU152 billion. There you see, that this is really an entire order of magnitude more.

Meanwhile, the German state debt has reached EU1.711 trillion—that is national debt, state debt, and community debt (**Figure 4**).

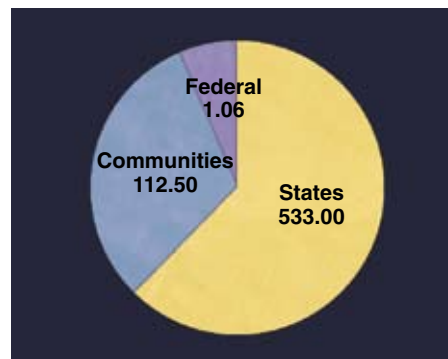
So, looking at this situation, it is quite clear why the German government capitulated and accepted this EU750 billion bailout package, although it was opposed to it—Chancellor Merkel and the government were really against it, and only on May 6, when the world financial system was once again facing meltdown, and Merkel was under intense pressure from EU Commissioner José Manuel Barroso, from Gordon Brown, from Barack Obama, did she finally agree to this package.

But look at the entire situation—the German indebtedness, the possibility that if it comes to a new bailout package for Spain, Germany alone will pay for it—because what countries in the Eurozone have any current

FIGURE 4

German Government Debt: EU1.7 Trillion

(Euros, Billions—1st Q. 2010)



account surplus? There is Germany, there is Holland, there is Finland. And if you look at the economic strength of these nations, in comparison to Germany, then you see that the German taxpayer will have to pay for

everything.

And naturally that runs up against something on which Germany has a legacy different than any other country, and that is, the experience of 1923 and the hyperinflation. That is deep in the bones of all Germans, because they have all gotten from their parents, or their grandparents or great-grandparents these Reichsmark bank notes—1 billion, 1 trillion—and everyone knows that that means the huge devaluation of the life savings of the mass of the people.

And therefore, I believe that this step by the German government, in the direction of two-tier banking, reflects the awareness that this is exactly the situation we face.

Okay, that is the situation in Europe now. Today or tomorrow, we will see what happens with it. The Eurozone could really break up over this, in the very short term, because we are now in a no-man's land, where, fundamentally, anything is possible, if one now just adds to this, the situation in America.

Hyperinflation and Austerity

Completely in opposition to this step, is what President Obama has said about his so-called financial reform law, which up to now has been a total victory for Wall Street, wherein not even the so-called Volcker Rule, which is already an extremely watered-down ver-



EIRNS/Stuart Lewis

This homeless woman in New York City expresses the hopelessness that is engulfing many of the tens of millions of U.S. unemployed. The political mood is building toward an explosion, as the situation gets worse.

sion of Glass-Steagall—this Volcker Rule is only supposed to be implemented 12 years from now. That is completely absurd!

Instead, the Senate *refused* to approve a total of \$25 billion in Federal funds on which the states had already counted. The result is that now, immediately, no benefits at all remain for 1.2 million unemployed people—neither unemployment benefits nor health insurance—and in July, this number will increase to 2 million people.

In all likelihood this will be the trigger to detonate the situation: 2 million people who are left, overnight, without any means of subsistence, and naturally, the local governments, entire cities: This is not a linear development; whole regions are practically cut off from all economic activity. This is, of course, a completely untenable situation, which will hit the poorest parts of the population above all, and the elderly, and it is really very dramatic.

Now, what is the policy of the Federal Reserve? The Royal Bank of Scotland, in a report to its clients, said recently that we now have to be prepared for a monster money-printing spree by the Federal Reserve, and it then quotes the famous phrase of Ben Bernanke, in which he said that if he were chairman of the Federal Reserve, “the U.S. government has a technology, known

as the printing press, on which we could print as many dollars as we want, essentially without cost.”

That earned him the nickname “Helicopter Ben,” and obviously, that is also what the alleged conflict was in Toronto, between the Europeans, who said, “Cut, cut, cut,” and Obama, who said, “Stimulus, stimulus, stimulus,” which, of course, meant, really, a combination of the two—that is, austerity policy to be combined with money printing. Thus, the Federal Reserve has also increased its balance sheet of \$2.4 trillion to \$5 trillion; in other words, this is simply “quantitative easing,” in which one simply prints money.

The Royal Bank of Scotland report continues: “We cannot emphasize enough, that we are standing at the edge of a new cliff: For the global financial system, especially in Europe, but also for the world economy. Think the unthinkable!”—in other words, a total crash.

The real danger is this: The policies of the Obama Administration, but also the policies of the EU, consist of the combination of these two things: On the one side, brutal austerity, cuts in the social safety net; combined with printing money.

And this is, of course, the worst mixture of all possible worlds. Because in 1923, if you remember, hyperinflation was brought about because, after the First World War, Germany had enormous debts from its own war costs, and then was forced by the Versailles Treaty to pay reparations to all the nations involved. The Reichsbank managed to pay all this by simply printing money in amounts which had absolutely no relationship to the performance of the German economy.

And also interestingly, the effects of this were not seen for several years: from 1919 to 1923, inflation was not notable, and only when the French occupied the Ruhr region, leading to a mass workers’ strike, which brought production to a standstill, did things explode, in just half a year, from early 1923 until November.

And at the end, people really had to take bank notes in wheelbarrows to the bakeries, because each day at noon the new prices were set. And at some point, that could no longer go on.

Today, of course, due to globalization, we are in a situation where this would not be limited to one country, but rather global hyperinflation would be the consequence.

And, if this is combined with a Brüning-like austerity policy—that is, the policy which Chancellor Heinrich Brüning implemented in the Great Depression years of the 1930s—each time you cut in a Depression, you destroy more productive capacity, and the employment that goes with it. As a consequence, naturally, tax revenues shrink in the next round, and then you have to cut again.

And when these two things meet one another, they result in a completely false, catastrophic policy.



EIRNS/Brian McAndrews

The LaRouche Political Action Committee mobilized throughout the United States in 2007-08, around LaRouche's Homeowners and Bank Protection Act. Here, LaRouche youth organize in Philadelphia.

America at War

The situation in America is really a war. We already had a situation where several Senators—Russell Feingold, Maria Cantwell, John McCain—had introduced a bill to be voted on for a Glass-Steagall law, and Blanche Lincoln had done so for the restriction of derivatives. The latter was attached to the so-called Dodd Bill, the proposed law by Sen. Chris Dodd, but then it was diluted in the conference committee by Rep. Barney Frank and Dodd; the critical points were thrown out. And, as it now turns out, Treasury Secretary Tim Geithner spent practically the whole time in the run-up to the Toronto Summit intervening in the Congressional conference committee, and maximized pressure from the White House so that the Glass-Steagall vote didn't even occur, but that all the loopholes for Wall Street remained.

That led to the situation where, afterwards, during my husband's webcast [June 26], a Senator sent in a question where she said: On the one hand, Obama said that he would put Wall Street on a leash and establish Glass-Steagall; but how could that happen when he sent half the White House into Congress to prevent precisely that? And she then said, "The President is lying!"

That has led to an explosive situation, because the bill solves nothing. We know that several Senators plan to reintroduce a Glass-Steagall bill. But first, things will really come to the point of explosion. The official unemployment figures in America are over 10%; in reality, they are 30%, and among the African-American population, it approaches the range of 50%, and among African-American youth, even 70%. And, if a considerable percentage of these remain without any kind of insurance, I am quite sure that the breaking point will be in the month of July.

Now, we are naturally the most important factor in this situation. My husband had, already in August of 2007, as soon as the financial crisis had broken out, made this two-tier banking proposal, with the Homeowners and Bank Protection Act (HBPA). This was the idea that people threatened with losing their homes and with homelessness, those who had the subprime mortgage loans, should first of all, remain in their homes; that then a public agency would determine how much rent they could pay; and that government protection for the commercial banks would be established by court order, with the idea that then the toxic waste could be cleaned up.

Naturally, that is the main problem: the whole set of “creative” financial instruments, which Alan Greenspan introduced, from the time he became head of the Federal Reserve in 1987. That is, the whole securities market, the market in collateralized debt obligations, in credit default swaps—all these dubious financial products, which then are continuously repackaged and resold.

No one knows exactly how much is involved, because no government has an overview, no central bank has an overview. Italian Finance Minister Giulio Tremonti was right in saying, in two speeches he gave last week—one to the financial police in Italy and the other to a conference at the Vatican—that today, the so-called “over-the-counter-derivatives market” is as large as it was before the collapse of Lehman Brothers, and 12 times as large as the world’s gross national product. And this is now, as before, totally uncontrolled. And as long as this toxic waste is supposed to be refinanced, it will lead to hyperinflation.

Therefore, we have to have a total mobilization. We had votes in over 100 city councils and six state legislatures in America, endorsing this law [the HBPA]. But it did not succeed, because Wall Street sent its top lobbyists to Congress, into the Senate, to prevent it from passing.

But these people are now in water up to their necks! Three years of financial crash, three years of rescue packages in America: all together about \$23 trillion in rescue packages has been pumped into the system; people have built tent cities, because the unemployed, who were thrown out of their jobs, lost their homes, and live in tent cities. The communities have no more than the most minimal money to provide public support for the disabled, the elderly, and children. This means an insane social explosion will develop. So we now have a full mobilization for Glass-Steagall, among the broad sweep of the population.

The spearpoints of the mobilization are the election campaigns of Kesha Rogers, Rachel Brown, and Summer Shields. Kesha Rogers won her Congressional primary election in Texas with 53% of the vote, and just now, at the convention of the Texas Democratic Party, where she gave very successful addresses before the veterans, the Hispanics, and a third grouping, the Democratic Party called the police, to throw her out of the convention hall.

That again led to a storm, because several other high-ranking Democratic officials knew that she is

someone who can win elections, and, in a pinch, also against Pete Olson, the Republican candidate, in November.

This is war; you cannot describe it any other way.

Rachel Brown is running against Barney Frank, i.e., the man from Wall Street, who presides over the House Financial Services Committee, and who, by virtue of that, has ensured that none of the proposals have been passed which would have curbed the interests of Wall Street.

We have a real mass-strike situation in America, and that is fed by several factors. In the first place: When a population sees that the President, who had promised “change, everything will be different”—and the Congress, which is there, in effect, to defend the interests of the population, behave with an utter lack of respect for the general welfare in the midst of such a crisis, then it is really clear that none of the Congressmen, 100% of whom must be re-elected in November, and one third of the Senate, actually have a chance to be re-elected, if they continue this policy. And that creates an unbelievable situation.

The BP Disaster

What that now creates, is a situation where Obama’s failure to deal with the greatest environmental catastrophe in history, the oil catastrophe in the Gulf of Mexico, naturally enrages the population, because it exposes the fact that Obama has given his British master, namely British Petroleum, a free hand; two months afterwards he has done nothing but what BP allows.

[She then shows illustrations of the attempts to put a cap on the well and to drill a relief well.]

This is currently the project whereby they are trying to stanch the pressure in the oil well with a relief well, at least by August.

But what is being exposed step by step, is that this is not only an environmental catastrophe. In the original explosion, 11 people lost their lives, and the relatives of these victims have given testimony to the fact that BP, in the weeks before the accident, had put its employees under massive pressure to disregard security measures. And they pressured them to speed up.

The well was 1,500 meters deep. There was no “fall-back option.” This was something that never had occurred before, and there had never been any comparable drilling.

So they did something out of pure greed for profit, which now can turn out to be the worst environmental

catastrophe in the history of mankind.

It is very doubtful whether this will function, because the area around these well bores is very porous; you can picture it as like a garden hose which is very old, and where water comes out of different places. You can hardly plug one hole before the pressure rises in another, and then the problem expands.

[She shows pictures of efforts to burn off or stop the oil flow, and then a map of the dispersement of the oil by ocean currents throughout the world.]

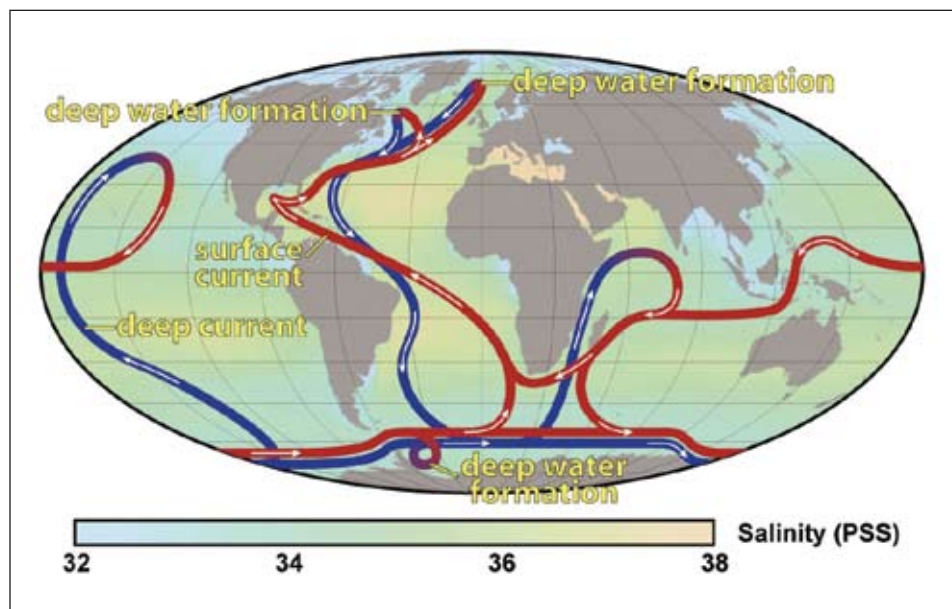
And here we see the real problem, namely that the oil is by no means only on the surface, but various substances have sunk to the sea-floor and are poisoning everything—all the fish, the shrimp, and other sea animals will be destroyed, and now the current has already carried the oil to the East Coast. If it is not immediately stopped—and there is at this moment no sign that that is happening—then this oil will obviously gradually go through the Gulf Stream into the North Atlantic, and then come to Europe.

And as one can see, if it rounds the southern tip of South America, it will also go into the Pacific and reach practically all the world's seas. This is what is happening right now.

And as I said, Obama has shown an incredible emotional detachment, toward the people as well. There are thousands of families in Louisiana who have now lost their livelihoods, and he, in turn, has done British Petroleum a giant favor, in that he has fixed the total of damages compensation at only \$20 billion.

Now, many people have spoken out who were affected by earlier catastrophes, and said that when they accepted such money for their claims, they had to sign agreements that they would raise no further claims; and this is a favorite trick of these multinationals, by which they put limits on damages. Obama also struck an agreement with David Cameron at the summit in Toronto, and they formally ensured that British Petroleum is a terrific company and must be preserved.

FIGURE 5
Thermohaline Circulation



Source: Wikipedia.

Just how terrific this company is, is coming to light bit by bit: For example, that it had previously made a study concluding that it is cheaper to pay people \$10 million in damages in case of a catastrophe, than to take the safety measures to prevent it.

They will, of course, now have to expect criminal penalties, but, as I said, the history of British Petroleum is a synonym for globalization. And in a certain way, this is the Ibykus principle, like the murderers in Schiller's poem "The Cranes of Ibykus," who convicted themselves, because they had committed an injustice. There are certainly times when one can commit injustice and escape safely, but one cannot violate the laws of the universe over a long, long time, without these laws striking back against humanity.

Figure 5 shows the flows if the oil really gets into the depths of the oceans; this means an absolute catastrophe. There would be just one way that this oil could be stopped at the source, and that would be with so-called PNEs, peaceful nuclear explosives, as, for example, the Russians have done in similar or comparable situations. There are also people in America, scientists at the Lawrence Livermore National Laboratory, who have experience with this.

But to implement such a last option is no small thing. It cannot just be done within the space of a week; there must be extensive planning for a directed explosion; it

must be very, very carefully prepared, and, as experts have told us, these preparations would take at least four months. Because, as I said, this is the last resort. But the Obama Administration has set in motion absolutely nothing toward making that happen.

As I said earlier, anyone can imagine for themselves, if the oil contamination really reaches the world's oceans, then the fisheries will be destroyed for the whole world's population for an unlimited period of time.

And therefore, I just want to put this forward now as a thought image: At the Climate Conference in Copenhagen, we once again had proof that there are certain interests who are of the opinion that the world population must be reduced; that Prince Philip is "on the record" on the Internet—anyone can track it down—saying that it were better if the world population were only 2 billion, and that if he were reborn, he would like to come back into the world as a virus, because he could then efficiently contribute to that reduction of the world's population.

And perhaps this is not such an accident as it first appears. I won't say now that British Petroleum did this deliberately; but in the way that compensation has been avoided with this limitation, is completely criminal negligence, to express it still in circumspect terms.

My husband has just said once more, in his webcast of four days ago, that the situation is so dramatic that the U.S.A. will not survive as a nation, if Obama is not driven out of office very quickly. Neither Glass-Steagall, nor a fight against this or other catastrophes, can be achieved with him there, because he has shown himself to be an absolute puppet of Wall Street and of London.

And my husband said: He must be forced out in a similar manner to that used in the case of Nixon, who also, as he noted, voluntarily resigned while impeachment proceedings were in suspension, in order to avoid the nasty consequences.

And indeed, Obama now also has an array of scandals that are really sufficient for this—not least, the haggling over his Senate seat in Illinois, where now the former governor, Blagojevich, sits in prison, and very much wants to call Obama as a witness. And everyone knows that the Chicago "mafia" has played a huge role in this, because Obama wanted to place his favorite advisor, Valerie Jarrett, into the seat. All of this can lead very quickly to a resignation.

The Mass Strike in Europe

As I said, the mass strike is not only in America, but also in Europe. We have a general strike in Greece yesterday and today; there are already extensive strikes in Italy, general strikes; transport and other strikes are planned for Spain, Portugal; in France, there were 2 million people in the streets against Sarkozy's austerity program in the pension sector and his increase in the retirement age. And now, it is also a fact that Barroso, the head of the EU Commission, met in Brussels with union leaders two weeks ago and told them: If they do not accept the austerity package which the EU demands, that would be the end of democracy in some European nations; it is, in any case, not so long ago that there were military juntas in Greece and Spain.

Of course, this story is not credible, because exactly the opposite is true: If these austerity policies *are* carried out, then those consequences threaten. We must of course do completely the opposite! But this story was not reported in Germany; it was reported in all the Anglo-American media, the *Wall Street Journal*, *Daily Mail*, *Guardian*, and the French newspapers; and, of course, it is an outrage that it happened that way.

'We Are the People!'

And so, what must we do? We must have a situation whereby we utilize the shock—a shock which is certain to grip the entire world in the coming days and weeks—for preventing things from coming to this clearly foreseeable disaster. We have to ensure that this ferment, which is going to explode, even in Germany, does not lead to a French Revolution, with its resultant violence and chaos; but rather, through a broad-based mobilization of all social layers—mayors, city council members, organizations for the disadvantaged, parliamentarians, factory council members, from every conceivable sector of the population—to revive the spirit which, in 1989, brought people out into the streets, saying: "We are the people!"

Because we have got to stop playing fast and loose with the fates and life's work of millions, and hundreds of millions of people—and for what? Just because a few super-greedy bankers and speculators have bad gambling debts!

Because if there is a collapse, not only will we be dealing with hundreds of millions of unemployed, but also, people are going to die, especially in the Third World.

And this crisis, one so monstrous that it will over-



European citizens have poured into the streets in huge numbers, since the euro began to implode early this year. Such a mass strike process must be directed toward implementing American-System-style reforms like Glass-Steagall, Zepp-LaRouche said, rather than degenerate into a replica of the French Revolution. Here, Greek workers stage a 24-hour strike against budget cuts in February of this year.

shadow everything that has happened heretofore, must be turned around, by enforcing the idea that the people must take the future into their own hands.

And the solution is quite straightforward. In 1989, when communism was collapsing, I gave an amazing number of speeches, especially in the new states, saying that if we were to make the mistake of simply painting over the bankrupt communist system with the equally bankrupt free-market economy, in order to possibly skim off some profit for a few years more, through primitive accumulation—that we would be facing a much worse crisis down the road.

And that’s precisely where we have ended up now.

Globalization is bankrupt, and we must ensure that governments feel the pressure to agree to implement this Glass-Steagall two-tier banking system.

The following would simply have to be done: You will need a bank holiday—you could use a long weekend for that. During that time, the decision will be made to place all commercial banks under government protection. And everything that has to do with protecting the general welfare—personal savings in savings banks, credit unions, cooperative banks—will be placed under protection, and the commercial banks will be immediately empowered to use government credit to permit everyone who is involved in production, trade in physical goods, and agriculture, to enjoy the benefits of productive credit.

Meanwhile, the investment banks will have to open

their books. They’ll already have to do this with the “stress test,” even though it looks like they’re going to try to weasel out of it. This simply has to be implemented, and the investment banks which have accumulated too many gambling debts, will simply have to close their doors; they will have to declare bankruptcy.

We simply must stop the practice of forcing taxpayers to foot the bill for high-risk speculation.

The physical economy must be revived, and the two-tier banking system has to be linked to international agreements among all countries that agree with this new credit system; and fixed currency exchange rates must then be agreed upon.

My husband has been saying this

for a long time now.

The entire history of the G20’s behavior over the past three years, provides absolute proof that what we describe as the British Empire—which doesn’t mean Great Britain itself, but rather this system of monetarist imposition of globalization, the banking system dead-set on maximizing profit—must be put out of its misery, and be replaced by a combination of countries powerful enough to implement it. And that can only be the United States, Russia, China, and India, as a united bloc, which would then be joined by other nation-states, such as Germany, France, and Italy, which desire the same thing.

That, however, isn’t going to work with the EU, because the EU Commission has made it very clear that they intend to absolutely cling to the current system of printing money—as the ECB has already been doing for some time now, printing money by buying up the toxic national debt of Europe’s bankrupt states—something which is in complete violation of their own mandate, namely, to preserve monetary stability. And then it is demanding these brutal austerity programs. So, as long as the EU regime and the European Commission remain involved, Germany is not going to survive.

And therefore, the coming crisis will be the right moment for us to leave the Eurozone, cancel the Lisbon Treaty, and go back to the D-mark—or, rather, go *forward* to the D-mark, because a nation which is not in control of its own currency and its own economic

policy, is not in control of anything. And that's a situation which really does need to be changed, right now.

A New Credit System

This means that we need a new credit system. A few people, of course, are going to lose their investments.

The main reason why it hasn't already been put into effect, is, of course, people's argument, "But I've got my investments in these wonderful creative financial instruments!"

The question, though, is this: Should we allow the entire world to go under, simply because a few people have engaged in high-risk speculation? It might perhaps affect some people who didn't deserve it, because they were ignorant; but we really don't have any alternative: Either the whole world collapses before our eyes, or we must make the rapid transition into a system which will enable humanity to survive on this planet of ours.

And if we take this one step, then, in very short order, we'll be able to get back to full, productive employment. Germany is a country with no raw materials, or virtually none, yet, despite this, beginning with the Bismarck reforms, and with the help of Wilhelm von Kardorff,¹ the head of the industry association, who relied on the economic theories of Lincoln's economic advisor, Henry C. Carey, we have managed to transform Germany from feudalism into a modern industrial nation.

Since that time, Germany has only been able to maintain the high standard of living which we have achieved in the past 100 years, through a combination of high technological levels, a high rate of scientific and technological progress, and a strong export orientation, which has permitted us to enjoy inflows of raw materials as the fruit of trade agreements.

And therein lies the future for Germany now, for Germany's *Mittelstand*². It lies indisputably in our co-operation with Asia—with Russia, with China, with India—in opening up the Eurasian Land-Bridge, and in the kind of economic projects which will provide Germany with long-term guarantees of energy and raw materials. And exactly the same goes for the Europe's other nations.

Hence, our idea of linking this two-tier banking system with long-term, 50-year, 75-year, 100-year trade agreements, especially with the countries of Eurasia, but also, of course, with countries in Africa and Latin America.

Build Up the Physical Economy

We must make a complete break with the idea of a money-based economy. We require the principles of physical economy—i.e., we must bring the political and economic system into harmony with the laws of the universe. And mankind is able to recognize these universal laws—that's what we call scientific progress. And if we can transform this technological progress into specific technologies, we can then apply these in production, and they will result in increases in productivity.

[She shows a clip from the BüSo's 2010 campaign video, with the following text:]

Helga Zepp-LaRouche: There is a way out: our program. To enable the banks to go back to investing into the real economy, the financial toxic waste must be completely written off. That's my cure-all remedy. Just as the Kreditanstalt für Wiederaufbau organized this in the 1950s and 1960s, so today, billions in state credit must be plowed into our infrastructure and our production, so that 10 million new productive jobs will be created.

[Video clips from speeches by the Presidents of China, Russia, and India, announcing construction of new nuclear plants, etc.]

There is no reason that we cannot get out of this crisis. The Transrapid must be built in Germany. It is much better for passenger traffic, but also, especially for freight transport, to use the Transrapid, instead of having totally clogged highways.

We have other programs as well: The CargoCap, in tandem with the Transrapid, would remove all freight traffic from our highways. There is not a single good reason why the high-temperature reactor, which is inherently secure, cannot be built in Germany, instead of only in China, South Africa, or, soon, in India and many other Asian nations.

This means that we must completely swing the rudder around. We can take up the tradition which created an economic miracle in Germany in the 1950s. We

1. Helga Zepp-LaRouche, "The American Roots of Germany's Industrial Revolution," *EIR*, Sept. 12, 2008. http://www.larouchepub.com/eiw/public/2008/2008_30-39/2008-37/pdf/38-55_3536.pdf

2. Small and medium-sized productive enterprises.



www.4rail.net/Ilkka Siissalo

Germany's contribution to a worldwide economic recovery will emphatically include production, and export, of its high-speed rail technology. Here, a Transrapid maglev mockup at the Munich Airport in 2004, when the government was considering building the first such line in Germany—a project it later abandoned.

simply have to stop all this nonsense about “green jobs,” which would ultimately end up totally destroying our productive capacity.

In order to permit this to occur, we need the population to go on a total mobilization. And I think it is going to be possible to do that, because the crisis is now hitting everywhere. The German Judges' Association, for example, has just now harshly criticized the government's austerity policy, and thus, of course, the EU as well, by saying that they, the nation's judges and public attorneys, are the very first to see how society is falling apart; how the chasm between rich and poor has widened dramatically; how social tranquility in Germany is in dire danger; how all social institutions are being eroded; how the social welfare courts are overflowing with complaints stemming from crimes committed out of poverty or sheer frustration; firings and bankruptcies of debtors in default; etc.

You only have to consider that to the extent that our municipalities can no longer afford to have schools, *Kitas* [day-care centers], and libraries, it is, of course, complete insanity when on top of this, the police force is also cut, and other public officers as well; and that the judges are quite right when they say that it's insupportable that interest income is less regulated than

wages; that low wage-earners are soaked, while those with top salaries are not; that private estates can be inherited under protection, while Hartz 4 subsidies for the aged are cut; and that all this represents a social bomb in our country, set to explode.

Now, normally the media and EU proponents use a “spin”—a spin is what happens when you strike a tennis ball in such a way that it ends up in a different place than where it appears to be headed, i.e., it's a technique. But you can also put a spin on news, so that a twist is somehow introduced. There is an entire science to this; I recently discovered a very interesting book which describes it in detail.

And the spin which is usually used for dealing with Euro-critics, is just to say that the people who

are against the EU, who are against the euro, are therefore against Europe.

But precisely the opposite is true. Is Mr. Barroso for Europe, when he warns about an apocalypse unless austerity policies are implemented, even when this austerity will, in fact, lead to the same situation as we had in the 1930s?

A Europe of Sovereign Nations

In the entire EU apparatus, I have not found any true emphasis on Europe's great cultural traditions. Instead, we're now paying tens of billions for an ever-expanding army of bureaucrats in Brussels, who issue EU guidelines which are destroying all of Europe's industry.

You certainly can be for Europe, without being for what the EU is putting out. And I would like you to recollect that it is possible to have cooperation in a Europe of the Fatherlands.

[Video clip of a speech by French President Gen. Charles de Gaulle:]

Announcer: In September 1962, President de Gaulle visited the Federal Republic [of Germany].

De Gaulle: When you are gathered around me like this, when I hear your speeches, I feel more strongly than ever before, the respect and the trust with which I hold your great people—yes, for the great German people! . . .

[thunderous applause, jubilation]

Long live Bonn! Long live Germany! Long live Franco-German friendship!

[thunderous applause, jubilation]

So, it is quite possible to cooperate in Europe among nations which are sovereign, yet united by a common mission. We can mutually harken back to our best traditions. And thus, when in Italy, we praise and admire the Italian Renaissance, and address the Italians in such a way that we treat them as representatives of this immense contribution to European culture; when we orient toward France, not as the people who are now exerting some sort of pressure on us, but rather as those who, along with Joan of Arc, laid the foundation for the emergence of the sovereign nation-state, and who drove Europe's scientific development with the fantastic tradition of its *École Polytechnique*; then our neighbors will not view us from the perspective of just 12 years [the Nazi period—ed.], but rather, they will see in us poets and discoverers who are linked to the Classical tradition.

Why Classical Culture Is So Important

And in closing, I would really like to make this point: When we are confronted with a situation such as the present one, where all of civilization is on the verge of crashing into the wall, then you have to pause, and recognize that we have gone off on absolutely the wrong track, that globalization was a failed model, and that everything culturally associated with globalization, is likewise a failed model.

What I mean is, all culture which is promulgated by the oligarchy, is anti-culture, because it submerges human identity into the mass. Already back in the 18th Century, Lessing said that anything that makes people into a mass, is bad.

I hope there aren't any soccer fans in the room who will take offense at what I'm saying. I don't have anything against people playing soccer. But what's going on this very moment with this industry—really, it's going too far. But I am basically talking more about the entertainment industry, which seduces people into banality, and which is consciously bent on reducing the

person's identity to that of a creature of pure sense-perception, of enjoyment of the here-and-now: vacations, weekend vacations—20 of them per year—greed, speculation, infatuation, envy, resentment, soap operas, *telenovelas* where everything has been determined in advance—i.e., a culture which goes hand-in-hand with globalization, regardless of what country you're in: You simply tune in a pop station, and then a Britney Spears leaps out at you from the TV screen, whether it be in China or in Bombay. Hollywood, Bollywood, it's all the same. Fundamentally, this is truly the wrong track!

Instead—and my husband has said this very, very often—humanity will only escape from this crisis, if we find our way back to Classical culture.

Why is Classical culture so important? Because it places the emphasis on what distinguishes man from all other living species, namely, that we are creative individuals, possessing cognitive faculties which no other creature has.

A family donkey or dog can achieve great feats of intelligence, and they are enormously capable—especially when it comes to manipulating their owner. But only man has real intelligence, or real creativity. Only man is able to think what has never been thought before.

He can, in advance, make adequate hypotheses concerning the laws of the universe; he can alter the laws of the universe, in order to achieve better quality for mankind.

And once we have really emerged from the present crisis, from this vale of tears, and take up space travel again, as one of humanity's great projects—after all, we are only at the very beginning of human history! We have only scratched the surface of what it can mean to be creative.

If we now go out and offer all children an educational system like what Wilhelm Humboldt, inspired by Friedrich Schiller, created, and like what the LaRouche Youth Movement is doing today, then we would have an unlimited degree of freedom, in terms of creating geniuses. And genius is not something mysterious; rather, it's what Wilhelm von Humboldt said, that Friedrich Schiller's fundamental image is that every person can become a beautiful soul.

A beautiful soul is a person who does what he must do passionately, and who finds freedom in necessity. And Schiller says that only he who is a beautiful soul, is a genius, because the genius is only he who expands

law in a lawful way.

It's just as Nicholas of Cusa said it back in the 15th Century: If every person fully educates himself up to the state of science in his own era, then in his mind, he is replicating the entire evolution of human history up to that time; and when he does that, he is then able to determine the next step which must be made in order to make the next discovery.

The world is a miracle, and the universe is wonderfully beautiful! That's what Kepler discovered when he studied the planetary orbits; and he said that the more one understands about the laws of the universe, the more one realizes that the Creator must have great love of humanity and of the universe. Kepler almost prayed when he described it, and I think every great scientist, every great artist who has worked with the great works of Classical art, will have that same feeling that there is, in fact, a lawfulness, one which is miraculous—so long as we do not put ourselves at total odds with it.

And I think the reason Classical art is so important, is because—people are in such bad shape, but they themselves aren't bad. People are simply ground down by their bad surroundings, by bad conditions, bad culture.

But I think that there is only a tiny number who are truly bad people. The masses of people would like to be good, if only they were given the opportunity.

And it's the task of the state, and of society, to create a climate in which people can kindle this inner divine spark which is inside each of us, and which makes our lives fulfilling; whereby we can discover our own creativity, and put it in the service of future generations, and locate our identity in promoting a renaissance, in which human beings no longer—as in the show “Germany Looks for Its Superstar,” where thousands of young people ruin their voices attempting to learn some awful, out-of-tune songs, whereby often, or usually, nothing comes of it—or where they all try to look like Heidi Klum, and basically have personal values which might promote the elbows, but not the spirit, because only one of them, of course, can win, and all the others have to be beaten down somehow.

I envision a society where every person can relate to another as does a father to his child, or a mother to her



The revival of Classical culture is absolutely essential to creating the conditions for an economic renaissance, Zepp-LaRouche argued. Prototypical of the quality of mind required is the German poet/dramatist/historian Friedrich Schiller, depicted here in discussion with friends.

children—in other words, where they experience joy when the other develops, joy when the other makes breakthroughs, when he or she grows spiritually, when he or she suddenly opens up to art, whether it be writing a poem, or learning to sing beautifully—and basically, where their humanity comes to the fore.

And I think we will only get out of this crisis if we utilize this unbelievable social convulsion which we are in the middle of right now, not only to develop a reasonable economic and financial system, but also, to really bring the great tradition of Europe's cultures back to life, and out of that, to make something new for the future. The final clip, please.

[Excerpt from Beethoven's 9th Symphony, 4th Movement, sung by the German LaRouche Youth Movement: “Freude schöner Götterfunken” <http://www.schiller-institut.de/20100325-beethoven>]