

## British Insider Tolls Alarm: Systemic Crisis Is Imminent

by Helga Zepp-LaRouche

*This article was translated from the German.*

Normally one is well advised to maintain a healthy distrust of the media. Yet now and then there appear certain “signal articles,” which call attention to institutional speculation about impending dangers. It is in this vein that the British journalist Ambrose Evans Pritchard warned, in a relatively short followup on Dec. 7 to his two previous articles in a series in the *Daily Telegraph*, of an immediately threatening systemic crash, namely, that the “heart of the system” and the “aorta of capitalism” will be hit by the escalating collapse of the dollar.

Evans Pritchard betrayed the fact that the insider trading by financial leaders on both sides of the Atlantic has reached the highest point since the beginning of the accounting for this then-not-yet-legal activity, and indeed, that the ratio of the sale price to the purchase price has reached the astounding figure of 60 to 1. Are the rats leaving the sinking ship?

### What Henry Paulson Is Afraid Of

In any event, the dimensions of the speculative bubble have reached an astronomical size; according to Evans-Pritchard, American Treasury Secretary Henry Paulson has reactivated a team for crisis management in Washington, D.C., so that they can deal with the “systemic risk of a financial meltdown.” Before his appointment, Paulson quickly earned \$700 million, as his own personal income, at his previous job at Goldman Sachs; now, what he is worried about, would be the 8,000 unregulated hedge funds which have \$1.3 trillion in capital investment, and \$370 trillion (!) in outstanding credit derivatives. According to a well-researched article in the *Washington Weekly Standard*, Paulson fears a death blow for the U.S. economy.

Further, Pritchard describes the dramatic collapse of the American consumer market, the “death-spirals” in which the collapsing American real estate market finds itself, and the unsustainable situation of the American current account and fiscal deficit. The “currency guru” of the Hongkong and Shanghai Banking Corporation, David Bloom, was quoted saying that the United States needs a yearly inflow of a trillion dollars in capital, just to compensate for this deficit. But even these capital flows for some time have been running not into the United States, but out of it. Evans-Pritchard also warns of the “inverted yield curve of satanic fame,” on the mortgage markets, which one ignores at his peril. And former Federal Reserve chairman Alan Greenspan has known for a long time, that the economy has already gone over the cliff.

This Evans-Pritchard got a bad name for himself when in 1989-90 he wrote against the alleged “Fourth Reich,” which German reunification supposedly threatened; he also played a leading media role in the impeachment of President Bill Clinton; and more recently, put out poison against German Chancellor Angela Merkel, claiming that her inability to ram through radical reforms had cost foreign investors billions. Therefore if such a hired pen for the most aggressive section of the financial oligarchy is issuing such a warning about the situation in the financial system, people in Europe should rather urgently wake up.

### American Election Change Offers a Way Out

No one can dispute that, up to now, none of the various European governments has done the slightest thing to put a solution on the agenda for this imminent systemic crisis. On the contrary, the young generation in the Social Democratic Party has even put out a discussion paper arguing that the financial “locusts”—the speculative hedge funds and equity



EIRNS/Bill Salisbury

*Helga Zepp-LaRouche in Hamburg, Germany. If Europe wants to survive, she writes, it is going to have to ally itself with the "New Politics" emerging in the United States, and act to reorganize the globalized, bankrupt financial system.*

funds—should be invited to invest in Germany; that, naturally, in the new ecological bubble, is, from the standpoint of reality, a totally incompetent proposal. The brutal reality is that the population of the nations of Europe is presently totally unprotected from the consequences of the coming economic-financial collapse.

The only chance of averting great damage to Germany and all the other nations in the world, therefore lies in the dramatic changes which have occurred with the Democratic election victory in the United States. This election victory could never have occurred, in the estimation of professional election researchers, without the mobilization of the youth organization of Lyndon LaRouche. These youth, directly or indirectly, activated an additional 2 million new voters between the ages of 18 and 35, which led in turn to a mobilization of the Democratic Party in general. And it is this movement of the youth, which is currently fighting in the halls of Congress and the Senate for the implementation of a draft law by LaRouche for the reorganization of the world financial system, the so-called Economic Recovery Act of 2006, in the tradition of Franklin D. Roosevelt [published in last week's *EIR* and available at [www.larouchepac.com](http://www.larouchepac.com)].

What you could never learn from the reporting in the German media, is nevertheless the case: The situation in the United States has dramatically changed; the Democratic Party, from the top, is no longer in the grip of the bankers such as Felix Rohatyn and George Soros, but a whole array of new Congressmen have been elected with the mandate to immediately carry out the impeachment of Bush and Cheney.

You can therefore expect that early in January, when the new Congress takes up its work, there will be a new Watergate under way.

But the Republican Party is also undergoing a deep-seated crisis. Behind the Baker-Hamilton Report for a change in Iraq policy lies a cross-party understanding that the policy of Bush and Cheney in Iraq, but implicitly also the policy toward all the nations of the Near and Middle East, is a total disaster. And if Lawrence Eagleburger, a representative of the Republican Establishment, answered the question of how Bush reacted to the proposals of the Baker-Hamilton group, with: "His reaction was, 'Where is my drink?' He was a bit loaded. It was still early in the morning, and I don't recall whether he had any questions," then one can gauge from that what the situation is with respect to Bush's authority in his own party. Since the Republicans also have to worry about the election in 2008, people who are knowledgeable about the situation estimate that the days of Bush and Cheney in the White House are numbered, but in no case will they survive until 2008.

If Europe, and with it, also Germany, wants to survive the coming storms, then it must adapt to the coming change in financial policy in the United States, and take steps to cooperate with a New Politics, in the tradition of Franklin Delano Roosevelt. If the U.S.A. doesn't create and undergo this change, neither Europe, nor any other part of the world has a chance of survival. But, with a changed America, we Europeans, and all the nations of the world, have a real opportunity, to leave the last six years of insanity behind us, and reshape the world for the 21st Century.