

Change in Washington: Good Chances For German Presidency of the EU

by Helga Zepp-LaRouche

This article appeared in the first issue for 2007 of the German weekly Neue Solidarität, which went to press before Chancellor Angela Merkel's Jan. 4 arrival in the United States. Mrs. LaRouche is the chairwoman of the Civil Rights Solidarity Movement (BüSo) in Germany, and the founder of the international Schiller Institute.

Since the landslide victory of the Democrats, the political climate in Washington will be characterized by the newly elected 110th Congress and an improved Senate. But President Bush, in his short press conference on Jan. 3, underlined his refusal to pay attention to the will of the voters. "Congress has changed, but the tasks facing our country have not changed," Bush announced, and then disappeared after five minutes, without answering any questions. Political Washington knows what that means: Bush and Cheney will soon go for increasing troop strength in Iraq by something like 30,000 soldiers. Many military figures and experts have warned, that the goal of this is not just to have more American troops in Iraq, but that this increase must actually be seen in connection with an imminent military strike against Iran.

Across a broad, nonpartisan spectrum in the U.S.A., it is clear, that such an escalation would lead to a global asymmetrical war. These forces are not only discussing the Baker-Hamilton Report for a solution to the Iraq crisis, including bringing Iran and Syria into the discussion, but also, behind the scenes, a big debate has broken out, over whether an immediate impeachment, including of Vice President Dick Cheney, could prevent such a war.

At the same time, just as before the Iraq War, in a sophisticated way, alleged evidence is being concocted to the effect that Iran will soon be able to produce weapons-capable uranium, and that this will be used soon to build bombs. If such ideas in Washington are not immediately discredited, America will be assuring its own downfall, just as Classical Greece, through its sophism and its imperial fantasies, met its downfall in the Peloponnesian War.

There is a broad-ranging consensus on the part of active and former military figures, the Democrats, and many Republicans, that it is vital to get Cheney out of office first. Furthermore, there are half a dozen Congressional committees which are launching high-level investigations into the outrages of the Administration, in which the subject is Cheney's primary

role in all these instances of misconduct. But to complicate the current situation, Bush, despite the obvious worsening of his own mental state, can no longer be placed in the position to leave office, until Cheney departs. Therefore, what remains is the possibility of a double impeachment.

Chancellor Merkel could have chosen no better time to visit the U.S.A., than on Jan. 4—the day that the new Congress takes office on Capitol Hill; she will be able to get a good whiff of the new political winds that are blowing so hard now in Washington. It would not escape her notice, that only 12 out of 49 Republican Senators support Bush and Cheney's idea of a "surge" of troops for Iraq (and thereby implicitly a military attack against Iran). The just-replaced chairman of the Senate Foreign Relations Committee, [Richard] Lugar [R-Ind.], warned Bush a few days ago against announcing a troop build-up on television, without having first gotten Congressional approval. "The White House will find itself facing a lynch mob; that would be very, very ugly," he warned.

If Bush and Cheney had hoped to be able to finance the exploding budget for the Iraq War and possible wider wars through additional supplemental appropriations, they are going to get a nasty surprise; the Democrat-dominated Congress is firmly resolved to bring the financing of the hated war—now only 35% of the military itself supports it—under budgetary control. In any case, the political climate in January before Bush's State of the Union speech will change so dramatically, that even the Europeans, who have been kept in the dark by the controlled media, about these long-emerging developments, will hardly be astonished any longer.

Unavoidable Real-Estate Crash

The change in the U.S.A. comes not a moment too soon, since every day there are more signs that the global financial system is facing an enormous crash. According to the latest studies, it is expected that in the realm of so-called "sub-prime mortgages" alone—that is, mortgages that are taken out by the poorest households, on horrendous terms—many will go into default, and 2.2 million homeowners will lose their homes in the oncoming real-estate crash. This real-estate and mortgage crash will, among other things, lead to a huge elimination of jobs in the construction sector.

The real-estate crash is, however, just the tip of the iceberg; the hopelessly indebted world financial system cannot



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German Chancellor Angela Merkel looks less than enthusiastic during her meeting with President Bush on Jan. 4. What Germany should do, Zepp-LaRouche writes, is to use its authority as this year's president of both the European Union and the G8, to demand the creation of a new world monetary system, modelled after FDR's Bretton Woods.

be saved, in its current form. In recent months, experts such as former Treasury Secretary Robert Rubin have been warning more strongly that the U.S. Budget deficit and foreign trade balance can no longer be sustained. A likely collapse of the dollar by 30% or more now threatens every single continent of the world with chaos. The feverish mergers and hostile takeovers by ever-larger conglomerates in the last few months, the raids by the hedge funds and equity funds, mostly financed by bank loans, which in the coming crash will all be worthless, are to a certain extent the last gasps of a dying dinosaur: the system of globalization.

In the new Congress, there are many who know that they are now on the spot: that the collapse of the system threatens now, and not two years from now, even though the Presidential election of 2008 is already a factor in the thinking in Washington. If the Democrats want to avoid being voted out of office by enraged voters, as just happened with the Republicans in November, they are going to have to find a solution for the financial and economic crisis.

With few exceptions, the Democrats in the new Congress are aware of the catalytic role that Lyndon LaRouche and the LaRouche Youth Movement played in the Democratic election victory. Accordingly, there is heightened attention to the programmatic proposals that LaRouche has made for the reorganization of the American economy and the international financial system. Legislative proposals such as the "Economic Recovery Act" for conversion of the auto sector

and the reconstruction of the American economy are being intensively studied by the professional staffs of the relevant committees. LaRouche's latest work, "The Lost Art of the Capital Budget" [*EIR*, Jan. 19, 2007], was being studied by influential persons in the Democratic Party even prior to its publication.

Hope for Germany, Too

In this process of change on the part of the Democrats in Congress (and some Republicans too, who are distancing themselves from the White House for reasons of self-preservation), lies the greatest hope for solving the crisis in Europe and in Germany. For strategic and historical reasons, the solution embodied in a new financial architecture can only come through changes in the U.S.A. At the same time, the dollar is not just one currency out of many, but rather the basis for the present global system; and, on the other hand, it incorporates the U.S.A. of the tradition of the Amer-

ican System, which was fought for in the American Revolution and was renewed by Lincoln and Franklin D. Roosevelt. Precisely this tradition—that is, the idea of orienting the budget toward the general welfare, a New Deal for re-stimulation of production and a system of fixed exchange rates in the tradition of the Bretton Woods System—will now come to life again in both Houses of the American Congress, through discussion of LaRouche's economic policy.

The best that intelligent people in Europe and Germany can do, is to heartily support the efforts of the LaRouche movement to reactivate the Roosevelt tradition in the Democratic Party. If that doesn't succeed, Congress will not, in the face of the acute crisis, be able to push through the measures needed to save the American economy. But it would be feasible, by European cooperation with a changed America, to act in time—that is, before an uncontrolled collapse—to hold an emergency summit meeting, whose agenda would be the reorganization of the world financial system.

Angela Merkel's visit to Washington, in her capacity as representative of the German presidency of the G8 and the EU, as is clear from existing agendas for both of these presidencies, will remain true to her "policy of little steps." Also, with respect to such necessary agenda items as new initiatives for the Middle East, the program of the presidency remains fundamentally flawed, with no vision whatsoever regarding the existential questions, such as the collateral crisis of the system and the need for a new world economic order. Apart

from this, the itinerary includes innumerable conferences on all possible subjects, and one can be certain that countless bureaucrats will read gigantic mountains of paper, fly from conference to conference, and run up big expense accounts. If at the end of both presidencies, they are not to be described as “a lot of tears over nothing,” then a new approach is necessary.

Not Free Trade, But Fair Trade

Neo-conservative moles such as the former U.S. ambassador and the current Germany chief of Lazard bank, John Kornblum, intend to raise the question of a European identity and a new transatlantic catalog of values. What they really mean by that is such a monstrosity as the Transatlantic Free Trade Agreement (TAFTA). Frau Merkel agrees with this free-trade concept, despite the catastrophic results of the similar North American Free Trade Agreement (NAFTA), and wants to take it even further, and make it a theme during her presidency of the EU. The image of man that treaties such as TAFTA reflect, is the same as that of globalization in general: that there should be a small, privileged money-elite that procures all the advantages, while the overwhelming portion of the population is treated as not much better than human cattle or modern slaves.

Instead of that, what Germany should bring into the discussion, as president of both institutions, especially in view of the changes in Washington, is the concept of “fair trade,” that is, a multinational trade agreement that will guarantee the long-term development of the physical economy by the best possible management of the productivity of the labor power and industrial capacities of all member states. In this way, Germany can base itself on the fundamental difference that national economist Friedrich List drew between the British and the American systems.

The idea, that the Federal government should use its term as president of the EU to revise the EU Constitution, is, in view of the certain opposition from France—and not only for that reason—completely useless, and would just mean a great waste of time and money. Instead, Germany should use both presidencies to work with the new U.S. Congress to develop a new financial architecture, on the principles of fair trade between sovereign nation-states—in a Europe of the Fatherlands and, worldwide, an Entente of sovereign republics, which ally with one another to achieve the common goals of mankind.

Also in contradiction to the current concept of the EU, Germany must, on the basis of the coming changes in Washington, give up the Anglo-Dutch idea of central banking, and replace it with sovereignty over its own economy and its currency, if the European nations are to find a way out of the systemic crisis. This would mean a system of fixed exchange rates and the right to state credit-creation, for investments that will promote the general welfare and productive employment.

Germany should, in particular, use its presidency of the

G8 to bring up the necessity for a new, just world economic order, which for Africa, but also for billions of poor people throughout the world, is a question of survival. Since the fall of the Iron Curtain, the construction of the Eurasian Land-Bridge has been the most obvious core for a reconstruction of the world economy, as well as for a new peaceful order in the 21st Century.

Instead of a presidency with many small steps—one of which could lead us plunging over the cliff—we need a discussion of how we can organize life and the political order on our planet, so that every person can have a worthwhile life. This is the same question that Alexander Hamilton discussed in the *Federalist Papers*, namely, whether man can actually govern himself. And this is the same problem that Friedrich Schiller wrote about in his *Letters on Don Carlos*: that the favorite subject of the century of the American Revolution would be, how the best possible state could be created, which would provide its citizens with the greatest freedom and development.

These questions are today more urgent than ever for all mankind. The system of globalization—just another word for an Anglo-Dutch-American empire—has completely failed and has plunged us into a systemic crisis, which can lead into a new dark age. There is therefore no more urgent question than this, upon which the principles of a political order must be built, which is true to the dignity of man.

So we must adopt the image of man, which was both the core idea of the American Declaration of Independence and the American Constitution, and also corresponds to the best tradition of Europe. By this I mean the Leibnizian conception, that every person has the right to life, liberty, and happiness. By “happiness,” Leibniz meant no less than the right of each individual to fully develop his cognitive capacities, which distinguish him from all other living things, to the benefit of society, and so as to lead a fulfilling life.

In the Christian-humanist tradition of Europe, this image of man is also connected to the concept of *imago viva Dei*, of man as the living image of the creating God—man who, through his creative actions, carries out the process of creation in the universe, and thereby improves the living conditions of all men. This image of man, which is anchored in the American Constitution and, in a weaker form, also in the German Basic Law, must be the principal idea of a new political and economic order. Or, to put it another way: It is high time to bring the political order in the world into accord with the order of creation.

We need have absolutely no problem with our identity in Europe; we must only revitalize the continuity of our humanist tradition, which derives from the Greek Classics and the Italian Renaissance and the German Classics, without thereby forgetting the contributions that other nations have made to our common heritage. If we revitalize these treasures, and particularly make them available to the young generation, then Europe will have a beautiful soul.