

# Will Europe Collapse Before the United States?

by John Hoefle

As the very fabric of civilization breaks down under the weight of a global financial disintegration and the failure of the political leadership to address this crisis in anything approaching a competent manner, the question is put to the populations of the world: Will you intervene to put your governments back on track before the world collapses into a new Dark Age?

Political paralysis has set in across the leading strata of the Western world, as the financial elite attempts to bend reality to its will, only to find out that there are powers in the universe far more formidable than parasitic oligarchs and their lackeys. The oligarchs, having destroyed the global economy in their insane drive to control the world, are now confronted with the inability of that destroyed system to save them from the consequences of their actions.

Washington is virtually paralyzed, as the financiers demand bailouts, and the political eunuchs of both parties line up behind them, their hands out for the crumbs which fall off their masters' tables. They continue to push policies which at best solve nothing, and at worst accelerate the collapse, knowing all the while it isn't working, yet refusing to buck the puppeteers yanking their strings.

"This is a complete breakdown, no signs of confidence in the administration—none!" said economist Lyndon LaRouche. "They have no solutions, no idea of what the hell to do. They're not even hoping."

While LaRouche was speaking specifically of the Bush Administration, his comments also hold true for most of the political leadership in Europe, where the structures of the Maastricht Treaty act as straitjackets to prevent nations from taking sovereign actions to defend themselves. The larger problem in Europe is the entrenched class system, with crea-

tures like kings and queens, princes and dukes, still roaming the landscape, interwoven with an even more dominant layer of financier oligarchs in the Venetian manner. In the United States, for all our problems, we still have the great ideals codified in the Declaration of Independence and the Constitution, and the deep-seated belief that all men are created equal. These ideas came from Europe, but they could not be implemented there, where the power of the financier/aristocrat alliance was too strong, and too many among the ordinary people adopted the mental outlook of serfs, bound by ancient class doctrines.

## **Euro-Penned**

The U.S.A., because of its more advanced republican system of government, has the power to use its sovereign powers and sovereign credit to break out of this vicious global death spiral, and there still exists in the memory of our people and our institutions the memory of men like Abraham Lincoln and Franklin Roosevelt, who led the nation to victory in the dark hours. It is there, largely dormant and waiting to be unleashed. Such a legacy does not exist in Europe, with its monarchies, duchies, and parliamentary democracies and pseudo-democracies. Under the European Union and Maastricht, the nations of Europe have surrendered their sovereignty to an EU bureaucracy, and given up their own currencies for the euro. This system was set up by the financier oligarchy, acting through the Anglo-Dutch Liberal financial system, as a way of controlling nations, as a way of preventing them from politically and economically breaking with the austerity now being imposed.

The nastiness of this operation can be seen in the fascist Lisbon Treaty, and the drive to push it through. The Treaty



*The explosion of the real estate bubble in Spain and Britain is making headlines in Europe, while the European Union demands more austerity. Shown here is the Gdansk shipyard in Poland; the EU is telling the Polish government to demand repayment of subsidies that were already given by it to the shipyards.*

requires the unanimous consent of all nations in order to pass, which means the June 12 vote by the Irish people to reject the Treaty should have killed it. However, immediately after the Irish “No” been registered, the backers of the Treaty began scheming to find a way to force it through anyway. In modern Europe, the public is encouraged to participate, as long as they understand that their votes don’t count for anything.

This loss of sovereignty has stripped the nations of Europe of their ability to effectively intervene in the greatest financial crash the continent has seen since the Black Death of the 14th Century.

The only solution to this death spiral is the plan laid out by LaRouche, which involves returning to the American System of Economics. The beginning point is the use of Constitutional powers to put the financial system through the equivalent of a bankruptcy proceeding, freezing the huge mountains of debt and protecting the nation and its people—by making sure that the essential goods and services continue to flow, that people remain in their jobs and homes, and that the rebuilding of the productive sector of the economy begins as an immediate priority. The Government, speaking for the People, must assert its dominion over the banks, the corporations, and the markets, and must work with other like-minded nations in international cooperation to reclaim the planet from the parasites. We may

have political obstacles to overcome to implement such measures, but the levers to do this are built into our form of government, whereas these levers do not exist in Europe.

## Resistance

That is not to say by any means that there is no resistance to these oligarchs and their policies in Europe, because there is. In Italy, Minister of Economy and Finance Giulio Tremonti is waging a valiant fight against the financial dictators and their speculative looting of the populations. Tremonti has proposed restrictions on derivatives trading, and speculation in food and oil. His willingness to fight has made him the most popular man in the Italian government, with polls showing that 75% of the people support his proposed “Robin Hood tax” on speculative transactions, and 56% support his plan for food stamps for the poor. These numbers also show that in Europe, as in the United States

and elsewhere, people are hungry for leaders who will address the real problems they face, and are fed up with the vapid platitudes that characterize most political campaigns.

Naturally, Tremonti has come under attack from the bankers’ boys, like Mario Draghi, the governor of the Bank of Italy and head of the Bank for International Settlements’s duplicitously named Financial Stability Forum. Draghi protested that Tremonti’s proposal for a windfall profits tax on speculation would hurt the financial markets, and increase costs which would ultimately be passed on to consumers. Tremonti retorted with the observation that Draghi and his ilk always prefer to tax the workers, who cannot pass the bucks. Tremonti has also come under attack by former Italian Prime Minister Giuliano Amato, one of the architects of the Lisbon Treaty, who was confronted by the LaRouche Youth Movement in Berlin, where he spoke at a conference on “Europe After the Irish ‘No.’” Amato showed his true colors by defending the Treaty, in particular the police(-state) and military aspects, and said it should be passed despite Ireland’s veto. Mankind doesn’t need nation-states, this eunuch declared.

There is also the growing realization in Europe that nuclear power, which had been demonized, and all but eliminated in most countries in the West, is an essential part of any national electric-power-generation strategy. A study by

the German RWI (Institute for Economic Research) showed that nuclear power is by far the cheapest form of generation, producing electricity for 2 cents per kilowatt hour, versus 40 cents for solar. The German population is now evenly split for and against nuclear power, as the greenie pseudo-environmentalism gives way to the stark reality of impending doom, and support for building new nuclear power plants is growing. The Italian government has plans to generate a quarter of its electricity from nuclear power, which industry sources say would take a dozen 1-gigawatt reactors. Italy had shut all its nuclear plants in the hysteria after Chernobyl. In France, which has steadfastly maintained its nuclear system, the oil major Total has partnered with Areva and Suez to build two nuclear power plants in the UAE, in exchange for oil. Similar deals are under discussion elsewhere in the region.

France has also been a bastion of resistance to the genocidal policies of the World Trade Organization. President Nicholas Sarkozy has said that France will refuse to sign the WTO agreement at Geneva July 21, and is supported in that stance by the leading French farmers' groups, who view the WTO as "dangerous for farmers."

Then, there are the developments in Russia, where Prime Minister Vladimir Putin and President Dmitri Medvedev have been discussing nuclear power, the need to stop the conversion of farmland into biofuel production, and organizing a new ruble-based financial system to generate financing for economic development projects, as opposed to speculation. While at the July G8 meeting in Japan, Medvedev met with the leaders of China, India, and Brazil, in the first summit of the BRIC nations (Brazil, Russia, India and China), where they discussed economic coordination, the financial crisis, and the food crisis.

## Time Running Out

These steps, as positive as they are, risk being overwhelmed by the speed of the economic collapse sweeping across the globe. In addition to their exposures to U.S. real estate and mortgage-related securities, the nations of Europe have their own real estate-based financial bubbles to deal with. In Britain, Spain, and Denmark, banks have already failed or required emergency rescues from their central banks, and the process is just beginning. The European Central Bank has kept some of the Spanish banks, like the Royal Bank of Scotland-linked Banco Santander, on monetary life support. British bankers are clamoring for similar support from the Bank of England. In supporting Santander, the ECB is also helping the Brits, as Banco Santander already owns the U.K.'s Abbey National, and is buying Alliance & Leicester.

Housing prices in Britain have fallen 9% since their August peak, and this year could see less than 100,000 homes built, down from 190,000 last year. The value of commercial property in Britain has dropped some 15-20%, triggering

losses across the spectrum, including at the Her Majesty's Crown Estate, which has substantial land-holdings in London and around the country. The situation is perhaps even worse in Spain, where the top housing developer Martinsa Fedesa has declared bankruptcy. It is but the first to go; across the country some 700,000 homes cannot be sold, and in the Castilla La Mancha region, nearly 70% of the houses built over the last three years remain unsold. In Denmark, Roskilde Bank, a medium-sized regional bank, announced that it faces bankruptcy over its bad mortgage loans, and was kept open by an emergency Eu1 million credit line from the Danish National Bank; 30 of Denmark's 47 banks are on a watch list of the Danish Financial Oversight Institution, because of their real estate and credit exposures.

These are indicative of the problems facing European financial institutions, and behind them lie the problems of the physical economy, where the cost of fuel has devastated truckers and fisherman. Rather than take on the speculators, the European Union Commission is advising fishermen to quit their jobs, and will actually pay some of them to do so. The Commission is also insisting that Polish shipyards, a keystone of the Polish economy, pay back subsidies they have received for the government. The Commission is using the matter to try to force Polish President Lech Kaczynski to sign the Lisbon Treaty.

## The Issue Is Sovereignty

We are not arguing that the European economy is in worse shape than that of the U.S., for both are caught in the grip of the failure of the global financial system, and both are bankrupt. What gives the United States an advantage over Europe is the superior features of the U.S. Constitutional system, which gives the U.S. Congress control over the emission of credit. In the parts of Europe dominated historically by the Venetians and the Anglo-Dutch Liberal system, private capital has always dominated governments. In the British Empire it is not the British government which rules, or even the Queen, but the City of London, and the financier slime mold which controls the City.

The U.S., on the other hand, has all the authority it needs under the Constitution to reign in these private flows of capital, giving it powerful tools with which to keep the imperial parasites at bay. Franklin Roosevelt, for example, used the power of government to break the back of the bankers during the Great Depression, paving the way for the New Deal. The hearings into the causes of the banking crisis and the legislation which followed, delivered a blow to the British-controlled House of Morgan from which it never fully recovered, sending a signal around the world that the U.S. was not only capable, but determined, to defend itself and its people.

It is that spirit which is required today if the world is to avoid heading into a new Dark Age. The U.S.A. must return to it, and Europe needs to find it.