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Helga Zepp-LaRouche

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## Europe must choose the Survivors' Club

Mr. President, I thank you very much for your kind words. I want to start with the reference to the recent Bank of International Settlements (BIS) report.<sup>1</sup>

This report comes from the BIS, the central bank of the central banks, which is a very conservative institution. They note in the report that the financial markets in autumn 1998 were at the point of total meltdown, and that if the governments and central banks had not intervened, there would have been a complete disintegration of the system. They say that as the result of the intervention of these governments, the markets today are faced with an even bigger dilemma. They say that the problem started with a super cheap yen, which was a de facto 0% interest rate of the yen which started in 1995. The international banks and speculators could go to get this money virtually for free, and then go into the international derivatives speculation. They say that attacks with this money from the hedge funds then triggered the Asian crisis in 1997, which spread later to Russia and Latin America. They conclude by saying that it is merely a miracle that the markets still function in the spring of 1999.

This report confirms everything which Mr. LaRouche has been saying in the last five, six years. The first time Mr. LaRouche spoke about the systemic crisis of the system was in his famous "Ninth Forecast," which he presented in 1994.<sup>2</sup> Mr. LaRouche spoke about speculation as the financial AIDS of the real economy. In 1995, as the BIS report refers to it, at the Halifax summit of the G-7 nations, this idea that speculation is the AIDS of the economic system and must be removed, was on the table. President Chirac talked about financial AIDS; the Japanese spoke about financial AIDS. But then a decision was made: Rather than reorganize the system, they would pump in liquidity — more money, more liquidity.

As a result, Mr. LaRouche in July 1997 predicted that, because this would have produced an increase of the bubble — the bubble became bigger and bigger — the final phase of the crisis would start in October 1997. And this is exactly what happened.

In October, the Southeast Asian crisis started, and from

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1. See William Engdahl, "BIS Bankers: LaRouche's Ninth Forecast Was Right," *EIR*, March 19, 1999.

2. Lyndon H. LaRouche, Jr., "The Coming Disintegration of Financial Markets," *EIR*, June 24, 1994.

that time on, the world has been more than a half-dozen times at the point of complete meltdown. South Korea on Dec. 23 — danger of complete meltdown. U.S. Treasury Secretary Robert Rubin had to intervene with \$10 billion and the rest of a package of \$47 billion. Three weeks later, Indonesia and Japan both became potential trigger points for a chain-reaction collapse of the system. The only answer was International Monetary Fund (IMF) rescue packages which made the situation even worse, as in the case of Indonesia, or gigantic bailout packages as in Japan, with half a trillion dollars to save the banks, which had \$2 trillions in bad loans.

Then, on Aug. 17, 1998, Russia de facto declared state bankruptcy. On Sept. 14, President Clinton gave his famous speech at the New York Council of Foreign Relations, in which he declared that a new international monetary system was needed, and that this was the worst crisis of the last 50 years. Then, on Sept. 23 came the potential meltdown of the system because of the collapse of Long Term Capital Management (LTCM), the largest hedge fund in the world, which had a loss of \$2 billions, but, through the leverage factor, commanded aggressive capital of \$3.5 trillion. This was the point of the collapse of the entire system.

Again the G-7 reacted only with liquidity pumping: Pump more money into the system, no matter what would be the consequences. Therefore, the dilemma the BIS is talking about, consists in the fact that there are only two roads left: One is hyperinflation of the kind Germany had in 1922-23, or a chain-reaction collapse where money evaporates in one or two days.

### How Europe was weakened

The problem we have, is that Europe has no policy and desperately needs a new policy. Europe has not had a policy since Bush, Thatcher, and Mitterrand used the first war against Iraq, the Gulf War in 1991, the Desert Storm, to take the momentum away from Europe. Bush at that time declared a new world order, which was just a new name for the Anglo-American hegemonism at the point that the Soviet Union had collapsed. The fact that Europe did not oppose the Gulf War, but participated in it, led to the Balkan war, and it continued because of the inability to act.

The purpose of the Gulf and Balkan wars was to prevent the development of the East after the collapse of the Soviet Union, and to contain especially Germany in taking a leading role in the economic development of Russia and eastern Europe. The German government published, last July, 2,000 pages of documentation showing some of the real background of German unification, and through all the publication which has come out in the meantime, it is very clear that what happened, was that Mitterrand put a pistol to the head of Kohl and said: France, and by implication England and the U.S.A., will only agree to German unification if Germany would eat up the deutschemark, the strong deutschemark, and agree to



*Helga Zepp-LaRouche (right) visited China in 1998, including the Pacific port of Lianyungang. With her are Schiller Institute representatives Mary Burdman and Jonathan Tennenbaum. Europe, Mrs. Zepp-LaRouche urged, should shrug off its persona as "the poor man's club," and adopt the policies of the Survivors' Club for a New Bretton Woods monetary system and great infrastructure projects, e.g., the Eurasian Land-Bridge.*

a weak Europe. The aim of this was to weaken Europe as a whole. Ever since, Europe was preparing for the euro, and this is like preparing for your own funeral.

Now we are in a situation in which the British government and the forces around Vice President Al Gore in the U.S.A. are, at this point, running the government for the City of London, because Clinton, as the result of one year of the Monica Lewinsky question, is severely weakened. These are completely lunatic forces. They are now trying to create enemies out of China and Russia when these enemies did not exist. Combined with a policy of crushing Europe, which reflects itself in such arrogances as banana wars, the Cermis affair, the execution of two Germans, and the complete disre-

spect for the political role of Europe, there is, right now, an increase in the tendency from London and the U.S.A. to respond to the escalation of the financial crisis with political and military means. One can see an increased tendency to manage the crisis with military diversion based on British and American hegemonism.

### **Survivors versus the BAC faction**

If one wants to characterize the present strategic constellation, one can presently see that there are three major groups playing a role now. On one side, you have the British-American-Commonwealth (BAC) grouping, which really is the representation of the financial elite of London and Wall Street. They are the ones who profit from the globalization of the present financial system. They are not identical with the national patriotic forces of the U.S.A.; they are not in the tradition of the Founding Fathers of the U.S.A., of Lincoln, Roosevelt, Kennedy, Martin Luther King. The patriotic forces are threatened by globalization in the same way the Europeans are. President Clinton by inclination and philosophy tends to belong to the second group, which is the reason why, from day one that Clinton moved into the White House, these forces have tried to drive him out of office.

Gore, the vice president, must actually be seen as the representative of the group of the British-American-Commonwealth. Do not forget that, if the impeachment forces had been successful, we would have a President Gore at the present time. The Monica Lewinsky affair had very little to do with the sex life of the President, but it was de facto a coup attempt by foreign intelligence, British and Israeli intelligence, in collaboration with Confederacy forces in the U.S.A., trying to eliminate the U.S. Constitution and weaken the American Presidency.

The way to understand the Monica Lewinsky affair is that it was a 14-month-long information war, brainwashing the American population, trying to paralyze President Clinton. If you complain about certain aspects of American policy right now, you have to understand that present American policy is run by Gore, by what one may call the Principals Committee, a parallel government, of the type that existed at the time of Vice President Bush during the Iran-Contra Affair. It consists of such people as Gore, Cohen, Shelton, Albright, and Larry Summers, who are the real forces in the U.S. right now.

The second group, strategically, is the poor man's club of Euroland, which has lost practically all influence in global policy and whose vital interests are threatened by globalization.

The third group is the quickly growing group of nations which are determined not to be pulled down by globalization and the international financial crisis, and which have formed a strategic triangle formed by China, Russia, and India, and which more and more nations are joining—like Malaysia, Pakistan, Kazakstan, Vietnam, Cambodia, Myanmar, and

many more. It already represents half of the world population.

Many ordinary citizens have not noticed, but anybody who studies the strategic situation in depth has realized that there was something that one can only call tectonic change in the strategic situation after the Anglo-American bombing of Iraq in December; because this bombing occurred in an unilateral way, by the British and Americans, at the very moment the UN Security Council was meeting and discussing the issue of Iraq. The message transmitted was that all of a sudden the UNO, the international law, means nothing. There was a profound shock and reassessment of the strategic situation in Russia and China as a consequence.

### Countdown to war: the case of Iraq

The military paper of the Chinese People's Liberation Army (PLA) has written an unusual article, saying that, behind the globalization of NATO, there is the intention of the Anglo-Americans to eliminate Russia as a world power. On Feb. 26, the *People's Daily* wrote a most amazing article, comparing the globalization of NATO to the attacks of the hedge funds against countries.

Next month at the April summit of the 50th anniversary of NATO, the only agenda on the table is globalization of NATO, out-of-area deployment, and a new doctrine which is a combination of air power, special forces cyber-war, and also the possible use of tactical nuclear weapons under certain circumstances. You have to see the current undeclared war against Iraq in this context, because this war is a test case of what the future Anglo-American NATO strategy is going to be.

The largest strategic game of NATO globalization is not Iraq; it is China and Russia. They know that China will not be a world power before 2010, and they want to eliminate this status before then. These forces are also committed to eliminating Russia along the line of Brzezinski's Book [*The Grand Chessboard: American Strategy and Its Geostrategic Imperatives*], where he proposes the partition of Russia. The aim of these forces is the early ousting of the Primakov government and the destruction of the Russia-China strategic alliance.

As I said, Iraq is just a test run. Presently you have the U.S.-British buildup for a war against Iraq at the end of March, beginning of April. In the last 12 days, there have been 4,000 sorties flown; this is more than in the period of Desert Fox in December. What is in preparation for the end of March-beginning of April, is an escalation of air bombardments, special forces, ground troops, combined with information war. This will not be an easy war, because especially troops do not function in desert areas. Anglo-American troops going into Baghdad or Basra will not have any logistical support. The likelihood is that this will be combined with a Turkish military operation in northern Iraq, and also this will not function because, if you remember, the *spetznaz* [Soviet special forces] war in Afghanistan was the beginning of the collapse of the Soviet Union. There is also the possibility that at the same time, Netanyahu, who is convinced that he will only win the new Israeli election if there were a war, may actually go for an escalation in Lebanon, and with the plan of the so-called clean-up operation in the Mideast eliminating Saddam Hussein and Assad.

## Endorsers for a New Bretton Woods system

*The call for a New Bretton Woods monetary and financial system was endorsed by the following leading Italian public figures:*

Rosario Alessandrello, chairman of the Italian-Russian Chamber of Commerce  
Ettore Bernabei, author and former head of Italian state television  
Enzo Carra, Christian Democratic activist  
Sen. Antonio D'Alo, from the conservative National Alliance  
Luciano D'Ulizia, chairman of the National Union of Italian Cooperatives

Publio Fiori, vice secretary general of National Alliance and former Minister of Transportation  
Roberto Formigoni, chairman of the Lombardy Regional government  
Tullio Grimaldi, head of the parliamentary group of the Party of Italian Communists  
Ugo Intini, from the Socialist Party  
Aurelio Misiti, chairman of the High Council for Public Works  
Enrico Nan, member of Parliament from the conservative Forza Italia party  
Riccardo Pedrizzi, vice-president of the National Alliance parliamentary group  
Flaminio Piccoli, longtime leader of the Christian Democratic Party  
Giovanni Russo Spina, member of Parliament from the government party, Left Democrats  
Cosimo Ventucci, vice-president of the Forza Italia parliamentary group.

The problem with this is that it has to be fast and successful, because lack of logistics and lack of popular support imply that it cannot be a long, stretched-out war operation. The danger is that if something goes wrong, if it does not go fast and clean, this doctrine includes the possibility of use of weapons of mass destruction, including tactical nuclear weapons. In this case, the Russian reaction is regarded as incalculable, and some of these scenarios even talk of limited nuclear exchange between U.S.A. and Russia. These are also discussions going on publicly.

What I am saying is in the public domain, including about possible war from the U.S.A. against North Korea, also in the context of the extension of the TMD, Tactical Missile Defense, over Taiwan and South Korea. This is obviously insane; it is a doomsday scenario which can go completely out of control, but this is the classical mechanism where financial crisis has let the depression of the real economy lead to war. At the NATO summit next month, this is the subject: globalization of NATO. And the new doctrine is NATO against the so-called rogue states, criminal states.

### **From the land of the Renaissance**

Now, we are proposing that Europe must say no to this. The old NATO? Yes. That was a partnership, yes; but not against Russia and China. Europe, therefore, it must come out of its graveyard, in which it has been for the last ten years, and it must recognize that the vital interest of Europe is to tip the situation in the United States. Europe must consciously ally and cooperate with what LaRouche calls the “Survivors’ Club,” the bloc of nations like China, Russia, India, and others.

China has undergone, since the Deng Xiaoping reforms, the biggest economic transformation in the last 20 years of any country in the world. Before the Southeast Asian crisis, there had been 12% annual growth, and despite the crisis, last year still 7-8%. They have followed the ideas of LaRouche—either independently, or by indeed following them—by redirecting investment, after losing the consumer goods export markets in Southeast Asia, by consciously investing into the interior markets of China. They have consciously engaged in the policy of the Eurasian Land-Bridge—a policy which is now also adopted by the Primakov government, by the Vajpayee government in India—after the visit of Vajpayee to Pakistan, making a new conciliation with the Sharif government of Pakistan.

These countries want to move in this direction, now therefore, if we have the kind of economic and financial reform measures LaRouche has been proposing: a new Bretton Woods system, a debt moratorium on almost all debts, private and public, a taking-off of the books almost \$150 trillion of derivatives contracts (this speculative bubble must go), a return to the old Bretton Woods characteristics—fixed exchange rates, capital and exchange controls—plus national banking, to bring the power of credit generation back under

the sovereign power of governments.

We are not only talking about a theoretical program, but we already have partners who are willing to cooperate. This is the way for Europe to overcome its unemployment; the Eurasian Land-Bridge can become a gigantic export market for European exports, for our technology, for machine-tools, for exactly what Africa, Latin America, and Asia need. This is actually in the vital self-interest of both Europe and the United States, to cooperate with this conception.

But it means that Europe has to revitalize itself. We have to bring ourselves together and get out of the vacuum we have been in for the last ten years. At this point, in some European countries, there are already impulses in the right direction—for example, the remarks Prime Minister D’Alema made in Milan at the international Socialist meeting about the character of the oligarchy. It is necessary for political forces in Europe, either in government or out of government, to come up with policies which indeed represent the interests of these three groups; the patriotic Americans, Europe, and Eurasia.

I’m quite optimistic that in Europe there are many capable individuals who can make a contribution, and I think Rome is a very good place for people to convene, given the fact that Italy is a bridge to the Middle East, a bridge to Africa; it’s where the Vatican is located, and I think the visit of President Khatami of Iran just demonstrates that the future must belong to the dialogue between cultures, and not to confrontation.

If we agree that the future of Europe should not go into war, depression, and chaos, but that we have to agree on a New Bretton Woods system and the Eurasian Land-Bridge, and the establishment of a new world economic order, we must combine this with a cultural Renaissance. Europe has a great cultural tradition; the Greek Classics, the Italian or the Polish Renaissance, the German Classics, the great scientific tradition of France, Italy, and Germany. There is a similar tradition and similar values in Chinese Confucianism and neo-Confucianism, and there are echoes of these values in other cultures, for example, in the Arab Renaissance. Now, we are equally close to a complete collapse of civilization and the plunging of the world into a new Dark Age, of which the 14th century is just a faint image, as we are close to the greatest economic boom in the history of mankind. And I can see before me, a new Golden Age, comparable to and superseding the beautiful Italian Renaissance. For this reason, I propose that out of this meeting we come with the idea of a new Council of Europe, in the tradition of the Council of Florence, as a rallying point for people who want to shift Europe in this direction.

We are faced with an incredible danger, the immediate short-term danger of depression, financial collapse, and nuclear war. But I’m convinced that God has made man in such a way that when man is confronted with a great evil, God has given him an even greater power to answer that great evil with an even greater good. To this effort, I want to invite you to join.

## For solidarity among nations and humanity

*Lopuszanski is a member of the Polish lower house, the Sejm, from the National Christian Party. Here are excerpts from his speech. Emphasis is in the original.*

Poland is offered the creation of a liberal economy. When we remember our sad experience with a centrally planned economy, we appreciate the role of the *free* market, but we do not think that the *free* market, with uninhibited competition, can solve all the problems connected with production and the distribution of goods. In particular, we believe that the criterion of profit must not be allowed to be the only criterion of economic development. We see this as a sure way toward an economics of death. . . . We believe that it is the duty of a state to compensate for the injustices which might, and usually do, appear as the result of market forces. . . .

Our problems with liberalism, then, turn out to be a discussion, not simply about economy and the style of government policy. It is also a very basic question of ethics.

It seems that this debate reaches its highest temperature when it comes to the question of a financial system. . . . What we observe is the drama of indebtedness on a global scale, and a tendency for economic development to be slowed, because access to financial means and modern technologies is blocked. National economies fall prey to financial speculations, robbing individuals of the benefits of their work, and forcing them to face destructive political dictates. Absurd belief systems are being built to justify destruction of whole nations—among others, the myth of Mother Earth being poisoned by too many people, a myth which goes against the natural order of creation.

It seems, then, that we are dealing with the use of money and finances, not as an agent of development, but as a weapon. This makes it a serious threat to the realization of human rights, a serious threat to the rights of nations, and a serious threat to world peace.

Programs based upon globalism, upon a single global state, are not the right answer to these threats, because, instead of serving nations and their peoples, they serve the narrow elites which steer the processes of financing and distributing modern technologies. The proper solution to these problems can be found by working out cooperation among the governments of sovereign states in controlling the movements of capital, particularly if this cooperation can be based on the principle of the solidarity among nations.

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## Book Review

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### ‘The man you can trust’ discusses Britain’s conflict with America

by Claudio Celani

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#### **L’Uomo di Fiducia**

by Ettore Bernabei with Giorgio Dell’Arti  
Milan: Mondadori, 1999  
311 pages, hardbound, 33,000 liras

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Ettore Bernabei is one of the many prominent Italians who endorsed the call of the Rome *EIR* conference for a New Bretton Woods, but he was unable to participate in the conference because of ill health. Nevertheless, he contributed indirectly to the discussions through his book, which appeared on March 8, and which had created an uproar in the media even before hitting the book stands.

*L’Uomo di Fiducia* (“The Man You Can Trust”) is in the format of an autobiographical interview with journalist Giorgio Dell’Arti, which covers 50 years of national and international politics, as seen through the eyes of a “man you can trust,” like Bernabei. During those years, he was first in the nerve-racking post of director of national state television and later served as general manager of Italy’s largest general contractor for infrastructural works.

If you run the monopoly of radio-television communications, you are at the center of information power. You bear tremendous responsibility and must withstand great political pressure. You know the difference between what appears in public and the inside truth behind it. As a devout Catholic, Bernabei took his job as a mission in the service of truth which, translated into politics, means acting in the national interest. For the interest of the country you must act above party lines, and sometimes against your direct factional interests. Thus, he became “the man you can trust,” for his Christian Democratic (DC) party, his government, the Vatican, foreign governments, and even for a few of his adversaries. That is why he often found himself at the center of delicate diplomatic initiatives, some of which he recounts in the book.

Bernabei sees postwar history, from the Cuban missile