policymaking. Then we can indeed hope that with a timely reorganization of the Eurozone, and with the aid of national exertions, we can be rid of the worst consequences and costs of the present crisis.

But as for what will happen if this is not done, I dare not elaborate. Because then this crisis will have even more terrible consequences here than it will in America. For one of the biggest differences between this side of the Atlantic and the other, is that the new U.S. President Barack Obama has the power to wield both instruments of crisis elimination: monetary policy and fiscal policy.

And he needs both. You only have to get a clear sense of the dimensions we're talking about: America's fiscal program is in the magnitude of $700 billion. That's almost the same amount that Germany is spending: Eur500 billion. I.e., the fiscal burden on each U.S. citizen—public debt and then tax hikes—is only one-fourth as great as in Germany. How can they do that over there? Because the chief burden of credit supply for banks and the economy lies not with the State, but rather with the Federal Reserve System. You can debate whether it makes sense for a central bank to buy up junk loans and release them. But the question right now is how to stop the crisis from overflowing and spreading into the real economy, into what Mr. LaRouche calls the physical economy. What's done later on, is another thing entirely. America is, in any case, further along in halting the crisis, than Europe.

That is one more reason why reasonable speculators have long come to understand that the dollar holds better cards than the euro. The euro is a fiat currency, and the dollar is not. The task at hand on the old continent is, therefore, how to minimize the damage to the real economy resulting from the failed euro experiment, and to keep that damage as small as possible. That would already be a significant victory.

This, ladies and gentlemen, concludes my analysis. I have sketched out what a future European monetary system should look like. It is and remains, of course, a subsystem of the world economy, albeit an important one. As to what a future world monetary system will look like, I leave that up to the initiators of this conference to sketch out. But my own views do not diverge all that much from theirs.

Thank you.

Hankel's Decade-Long Fight Against the Euro

Wilhelm Hankel and three other prominent German economists challenged the constitutionality of the euro in German court, more than 11 years ago.

Hankel, Wilhelm Noelling, Albrecht Schachtschneider, and Joachim Starbatty submitted a legal initiative to the country's constitutional court in Karlsruhe, charging that at least four articles of the Constitution were violated by the European Monetary Union (EMU) and its then-envisioned transfer of sovereignty: Article 14 (guarantee of property), Articles 20 and 28 (guarantee of the social welfare system), and Article 38 (sovereign, democratic rule).

In interviews published Jan. 13, 1998, Noelling and Hankel, both former members of the German central bank council, explained why they took the government to court. Noelling presciently told the daily *Sächsische Zeitung*: "We think that the future currency will not be a stable one."

Hankel told the daily *Tagesspiegel* that what motivated them to file the suit was concern that "probably the most important article of the German Constitution, Article 38, which means that no German government can have a mandate to govern against the nation," is violated by the government's EMU policy.

As reported in the Feb. 27, 1998 *EIR*, Hankel also referred to Articles 14 and 20, which define Germany as a social welfare state, as being undermined by the clauses of the Maastricht Treaty which banned sovereign economic initiatives, such as those to fight mass unemployment and corporate collapse. The EMU was a script for deepening economic depression and expropriation of social rights and savings, Hankel and Noelling argued. As Professor Hankel reports in his speech published here, the court rejected their arguments.

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