Zepp-LaRouche to German President Wulff:

Stay in Office, Reorganize the Bankrupt Financial System!

Jan. 22—The first weeks of the new year in Germany have witnessed a media witchhunt against President Christian Wulff, over relatively petty suspected financial "irregularities" surrounding a low-interst home loan that he received in 2008 from the wife of a wealthy businessman, while he was the governor of the state of Lower Saxony. Leading the charge are the mass-circulation daily *Bild*, the *Frankfurter Allgemeine Zeitung*, and the *Financial Times Deutschland.*

Writing in the weekly *Neue Solidarität* on Jan. 18, Helga Zepp-LaRouche defended Wulff and identified the real issues for which the financial press (especially) is demanding his resignation. These reasons date back to his speech on Aug. 24, 2011 to the Conference of Nobel Prize Laureates in Economics, in Lindau, Germany.

"The issue," she said, "is not whether Christian Wulff is a great President, or whether he behaved ineptly: The point is that the international financial circles have doubts about whether, given the views expressed in his Lindau speech, he will be willing to sign on to the 'permanent ESM' [European Stability Mechanism]. If anyone has damaged the Office of the President, it is not Mr. Wulff, but the media representatives who are running a vicious smear campaign against him, using 'salami tactics' for character defamation. These financial circles see the short-term implementation of the (hyperinflationary) ESM as the last chance to stave off the complete collapse of the totally bankrupt trans-Atlantic financial system, at least in the short term."

She wrote that the same media are to blame for keeping the public in the dark about the fact that the world is on the brink of World War III. Describing the military buildup in the Persian Gulf and Eastern Mediterranean, she emphasized that the origin of the war danger is the British financier oligarchy—with President Obama as its puppet—and the real targets are Russia and China.

Wulff's Lindau Speech

Wulff spoke in Lindau on Lake Constance before 17 Nobel Prize Laureates in Economics, 370 young economists from around the world, and the international press. First he gave an overview of the policies of the G20 governments and the continued bailouts. Then he said: "At the German Banking Congress, I warned the financial sector that we've neither dealt with the causes of the crisis nor can we say today that we've recognized the risks and done everything to eliminate them. In fact, we're faced with a development which resembles a game of dominoes: First, individual banks rescued other banks; and then, states rescued their banks; and now, the international community is rescuing individual states. But the question that should be asked is: Who will rescue the rescuers?"

Wulff also attacked the European Central Bank (ECB) for its purchases of government bonds, which he described as "legally questionable" and "far beyond its mandate." Many governments have not yet recognized the seriousness of the situation, he said. "It makes me wonder, when governments wait until the very last minute before showing any willingness to give up benefits and privileges and introduce necessary reforms." Nations are under pressure, he said, because they let their wretched finances slide for so long. The politicians are letting the banks, rating agencies, and the media "lead them around the circus by a nose ring." The parliaments are scarcely even involved in the decisions, he said, adding that the burdens will be borne by future generations.

If you take a look at the world map, Zepp-LaRouche

Office of the President

German President Christian Wulff addressing the Lindau Meeting of Nobel Prize Laureates in Economics, Aug. 24, 2011. The British-centered financial oligarchy was not amused by his attack on the euro bailout policy, and has launched a campaign of character assassination against him.

continued, "it is clear that character assassination and regime change are always on the agenda when someone somewhere does something to oppose the interests of the financial oligarchy. When Bill Clinton, in September 1998, called for a reform of the global financial architecture, in a speech before the New York Council on Foreign Relations, the Monica Lewinsky affair was set in motion against him.

A foreign-exchange transaction by the wife of the head of the Swiss National Bank, Philipp Hildebrand, who had campaigned for re-regulation of the banking sector, was played up publicly, and led to his resignation. Regime change is on the agenda for the Hungarian government, which tried to resist the stranglehold of EU dictates.

"And so are we really to believe that the totally disproportionate media campaign against President Wulff just has something to do with his less than complete statements to the Lower Saxony state parliament?

"President Wulff should go on the offensive and bring the statements in his Lindau speech up to date, because the collapse of EU policy is so obvious that it cries out to Heaven. Nowhere is this clearer than in the beleaguered Greece, where thousands of families have had to give up their children because they can no longer feed them; or in Ireland, where the suicide rate has risen massively. The EU austerity, which corresponds 100% to the interests of the financial oligarchy, is criminal, and is directed 100% against the general welfare. If Wulff were to find the courage to do so, he could turn the tables, and would surely win the thanks of all European peoples and future generations."

"There is only one way that the danger of war can be averted," she concluded: "that the underlying dynamic of systemic financial collapse has to be overcome. The only way to do this is to put an end to the failed euro experiment. Only an immediate return to sovereignty over our own currency—that is, a new D-Mark—in conjunction with the immediate introduction of a two-tier banking system in the tradition of the Glass-Steagall Act of Franklin D. Roosevelt, can solve the problem.

"President Wulff still has the chance to make his Presidency a brilliant one, if he would campaign for this alternative."

Documentation

More from President Wulff's Lindau speech (in English):

When the crisis broke out, consensus was quickly reached at global level. Stimulus packages on an unprecedented scale were adopted. There was a rush to aid the financial sector and banks—with taxpayers' money, state guarantees, and massive monetary transfusions by the central banks. In 2008, the aim was to do everything possible to prevent a collapse and to stabilize the global economy. I would like to point out that all of this was done with the aim of treating the patient, the world economy, as quickly as possible. Today, however, the banking sector is still fragile, public debts in the major economies are at record levels, and in many cases the fundamental problems hindering growth and competitiveness are as present as ever. More time was gained than was actually used to treat the patient. . . .

At the German Banking Congress, I warned the financial sector that we've neither dealt with the causes of the crisis, nor can we say today that we've recognized the risks and done everything to eliminate them. In fact, we're faced with a development which resembles a game of dominoes. First individual banks rescued other banks and then states rescued their banks, and now the international community is rescuing individual states. But the question that should be asked is: Who will rescue the rescuers? When will the accumulated deficits be distributed among them, and who will shoulder them?

It makes me wonder when governments wait until the very last minute before showing any willingness to give up benefits and privileges and introduce necessary reforms. Especially when the supreme guardians of the currency go way beyond the bounds of their mandate and buy up government bonds on a massive scale—currently more than EU110 billion. In the long term, this cannot and will not be good, and therefore it can be tolerated at best for a short period. The guardians of the currency, too, must quickly find their way back to the agreed principles.

I say this circumspectly: I regard the huge buy-up of government bonds of individual states by the European Central Bank as politically and legally questionable. Article 123 of the Treaty on the Functioning of the European Union prohibits the ECB from directly purchasing debt instruments, in order to safeguard its independence. This prohibition only makes sense if those responsible do not get around it by making substantial purchases on the secondary market. By the way, the indirect purchase of government bonds is even more expensive than direct purchase. Again, actors on the financial markets earn commissions without themselves incurring any risk at all.

One of the fundamental principles of the market economy is this: Risk and liability go hand in hand. Those who take risks might fail. This principle must also apply to the financial sector, to small investors as well as to big institutions. There is an urgent need here to make up for our failings, going far beyond the measures already initiated in the G20. In the end, it is a matter of us all working together to ensure that the financial sector once again takes on a service role and contributes to sustainable global development. We need well-functioning, efficient global capital markets which help to manage risks rather than to create them. And which bring together capital and ideas—ideas on how to solve the huge tasks facing the world today. . . .

From Wulff's speech to the IG Metall trade union congress in Karlsruhe, Oct. 9, 2011:

The crisis has shown that the industrial core of our economy is priceless! It is a good thing that Germany has not bid farewell to its industry, as others, including neighboring countries of Germany, have done deliberately. All of you here work in industry. You are not building castles in the air; you are not producing bubbles, which then burst if there is no real value behind them. You are producing tangible products that are used worldwide: machinery, equipment, cars, airplanes, ships, power plants. After the Internet bubble in 2000, after the housing bubble in 2007, after the subprime and derivatives bubbles and others things, I appreciate that all the more. . . .

The success of an economically advanced nation depends ultimately on the people. On their confidence, their motivation, their skills. We thrive in the long term if everyone does their part for their own livelihood as well as for the general welfare. . . . These days we are thinking a lot about the future of our Europe. You—the employers, the entrepreneurs, the workers—you earned the money that is now being used extensively to support ailing states and banks, in order to stabilize the euro and the European Union. . . .

Measure and reason must remain our premise, because otherwise there will be gigantic threats to the world economy, the current economic conjuncture, and also to Germany. These threats come mainly from the unresolved problems of the financial sector and banks. The banking sector must be reorganized and restructured—thoroughly and expeditiously. A framework must be set for the actors in the global financial markets that is comprehensive and effective.

Yes, liberalization and deregulation went too far and were abused during the past two decades. But the fact that the IG Metall was praised the week before last in a business magazine; that the interview with a leading German manager was headlined with the quote "We Need More Regulation," shows the paradigm-shift in our country! We must not sacrifice our grounding in the social market economy and democracy to nervous financial markets, where individual players ignore the general welfare. . . .