

ENDGAME FOR THE SYSTEMIC CRISIS

What Recovery? Mass-Strike Process Erupts in France

by Helga Zepp-LaRouche

Oct. 23—Contrary to the propaganda put out by the media and establishment economists, the much-touted “recovery” in Germany is nowhere near the level of economic output reached before the crisis. And given the German economy’s dependency on exports, in the midst of the breakdown crisis of the world financial and economic system, it will soon prove to be little more than a temporary mini-improvement. In reality, the global system is sinking while the number of failed States grows and grows.

The situation is most dramatic in the United States, where the Obama Administration is now widely viewed as a failure, and many Congressional incumbents, both Democratic and Republican, expect to be voted out in the Nov. 2 elections. The housing market, with all its intertwined securitizations, has created overwhelming chaos in the financial sector, especially after 40 state attorneys general announced investigations into millions of fraudulent home foreclosures. Bankruptcy of the states, massive cutbacks in police and firefighters with the attendant increase in criminal activity, unemployment, and rising defense expenditures—such are the ingredients of an imminent social explosion.

The Sarkozy Presidency in France has failed just as badly. The population is resolutely rising up against the current all-out assault on its constitutionally guaranteed inalienable rights, including the right to decent and

timely retirement benefits. The fact that the Senate passed the pension reform with a vote of 177 to 153, in spite of the protests growing by the day, can only fuel the anger at Sarkozy, who is himself implicated in a number of scandals.

The “compromise” that German Chancellor Merkel and President Sarkozy hammered out at the EU summit in Caen, which would impose semi-automatic sanctions on EU member-states that do not (or cannot) comply with the Maastricht Treaty’s budget-limitation criteria, and which would eliminate the “no bailout clause” of member-states through a change in the Lisbon Treaty, underscores the crass economic incompetence of both those heads of government, and would considerably worsen living conditions in those countries. Implementation of a Brüning-style austerity policy today, in the context of a crisis which is much worse than the 1930s Great Depression, can only lead to a new catastrophe.

Evil begets evil, it is said. After the fall of the Berlin Wall, Germany was blackmailed by François Mitterrand, Margaret Thatcher, and George H.W. Bush into giving up the German mark and submitting to the dictates of the supranational EU bureaucracy, and to its anti-growth monetarist policy, which was a simple repeat of the regime imposed on Germany by the Versailles Treaty. The intention of that scheme was to have those member-states that were lagging behind,

such as Greece, Spain, Portugal, Ireland, and Italy, become caught in the same Versailles debt trap, and to have German taxpayers become the main paymasters. And until the countries of Europe break out of the monetarist straitjacket, they will continue to head for disaster.

Delusions

Given the incredible delusions, or self-delusions concerning a so-called German recovery, against the background of the catastrophic state of the international financial sector, it is instructive to recall the widespread erroneous evaluations made in the 1930s. The media played down the danger of the National Socialists and their “intellectual poverty” and “banal charlatanry.” After the losses of the Nazi Party in the Reichstag election of Nov. 6, 1932, the overall assessment was that they were merely a short-term phenomenon, and that the Nazi Party would soon fall apart because of its inner contradictions.

As late as Jan. 15, 1933 (Hitler was appointed Chancellor on Jan. 30), Chancellor Kurt von Schleicher declared, “Mr. Hitler is no longer a problem, his movement had ceased to be a political danger. The whole matter is settled and is now past history.” The Communists considered the “social-fascists in the SPD [Social Democratic Party]” to be a greater danger, while the SPD and the trade-unions themselves remained convinced, even after Hitler was named Chancellor, that the problem would disappear with the next elections.

There were very few people with the foresight to understand that Hitler would lead Germany into a catastrophe. Among those who did, were the Christian conservative Ewald von Kleist-Schmenzin and Hitler’s former putsch partner, Erich Ludendorff, who stated on Jan. 30, 1933 that President Hindenburg had turned Germany over to the biggest demagogue of all times: “I solemnly state that this man will throw our Reich into the abyss and bring unfathomable misery to our nation.”

What those who gave in to their illusions failed to see, was the fact that the Versailles system itself created the condition for not only Hitler to take power, but also Benito Mussolini in Italy, Francisco Franco in Spain, and the Vichy government of Marshal Pétain in France, and ultimately created the dynamic leading to World War II. If we, in Europe, have learned anything from history, then it would be the need to reject a monetarist

system of austerity, in which the common good and the population’s living standards are sacrificed to maintain the debt structure.

Dramatic Changes Are Possible

History is not a soap opera, with one sequel following another over decades, changing the main characters depending on the actors’ availability, so that the story carries on one way or another. In real history, dramatic events occur, which can snap the course of events in the opposite direction from one minute to the next—such as the Reichstag Fire, or 9/11, on the one hand; or the election of Franklin Roosevelt, or the bombing of Pearl Harbor on the other. It is impossible to predict such events in the future, but it should be clear to everyone that we are living at a time, and with a constellation of powers, where dramatic things like these can happen overnight.

Certain forecasts, however, are certain. If Germany does not immediately reverse its policy of rejecting nuclear energy, and continuing with the excessive buildup of wind and solar energy, and invest, at long last, in the inherently safe high-temperature reactor (for which a meltdown is physically impossible), it will cease to exist as an industrial nation with a social system that functions. And it is just as sure that the constitutional rule of law in Germany under the EU regime has a life expectancy comparable to the chances of the famous snowball in Hell.

There is only one solution for getting out of the crisis. Now that the financial newspaper *Borsenzeitung* has admitted, in a convoluted way, that the so-called Basel III regulations, raising the equity capital requirements for banks, were only implemented to prevent re-introduction of a two-tier banking system [known in the U.S. as the Glass-Steagall standard], there must be a public debate on such a two-tier system.

While we, in Europe, chose the path of monetarism, austerity, and fascism in the 1930s, Franklin Roosevelt, with the help of the Glass-Steagall Act and the New Deal, as well as great infrastructure projects, led the United States out of the Depression.

That is exactly what is needed today: a two-tier banking system, separating commercial from investment banking, and a program for rebuilding the world economy through such projects as NAWAPA (the North American Water and Power Alliance), the Bering Strait tunnel, the Eurasian Land-Bridge, Transaqua, and many more similar projects.