

How Can Europe Be Saved?

by Lyndon H. LaRouche, Jr.

Feb. 4—The qualified U.S. scholar of history has no difficulty in understanding the difference between the U.S. Constitutional principle, known as the “credit system” principle, in which the Glass-Steagall law is embedded, and the monetarist principles deeply embedded, as in the legacy of the Roman Empire, in the Europe-wide tradition of usury, on which the notion of monetarism is premised.

Formally, the task of explaining this distinction to the literate European is not difficult. Hermann Abs, for example, showed his understanding of this principle in his prescription for borrowing this model for his part in organizing what was to become known as “the economic miracle” of Germany’s period of post-World War II recovery.

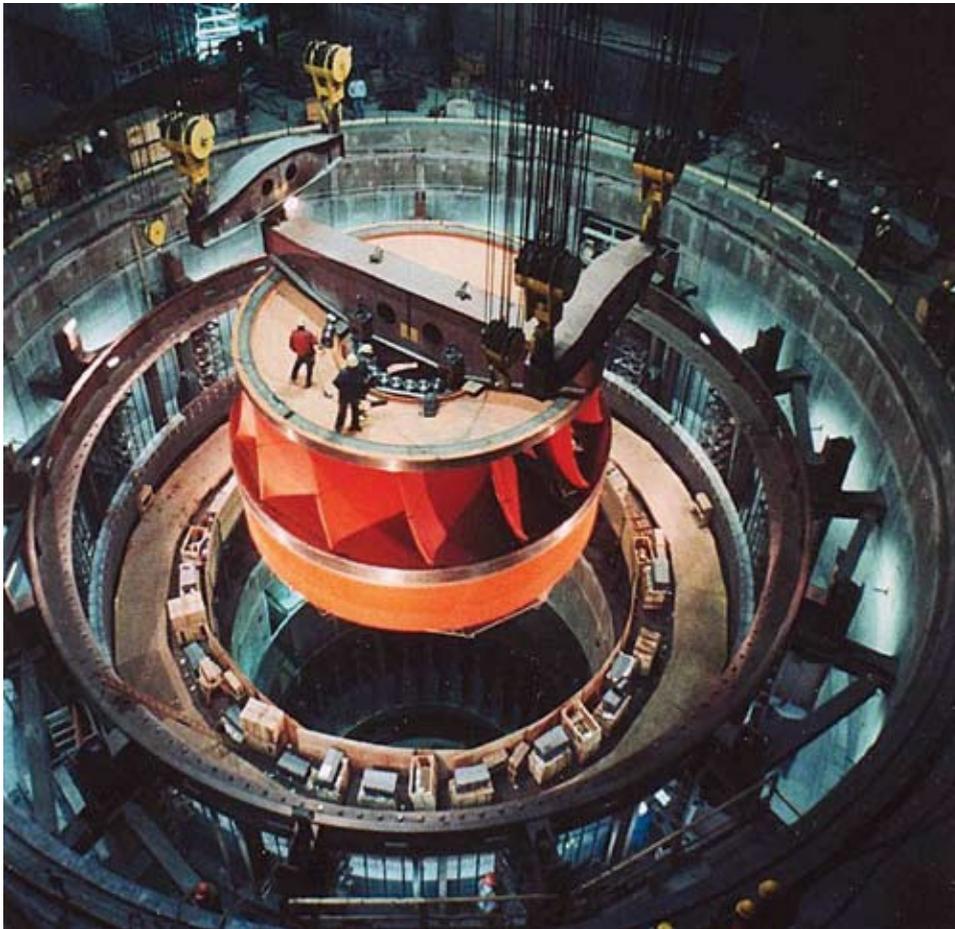
As it was often said in past times, when a sense of humor about life’s vicissitudes was still in vogue, the Americans and British are separated by a common language.

In the monetarist system, the notion of public forms of economic value is situated within the notion of money as such. In the American system, as pioneered under the original charter of the Massachusetts Bay Colony, and under the U.S. Federal Constitution, economic value reposes in the uttering of credit for public and private improvements in the productive powers of labor, as measurable per capita and per square kilometer of the sovereign political economy.

Hence, the fundamental (e.g., “systemic”) difference between today’s present European systems which are based on the monetarist tradition of the customary,

successive phases of the Roman Empire (e.g., Byzantium, Old Venice, New Venice, and the British Empire) to the present day. In other words, the American System as designed by the precedent of the original charter of the Massachusetts Bay Colony, was based on a credit-system, and has a deep-rooted difference of principle with the legacy of the Roman empire which is operating still, in effect, according to the monetarist ideology of the present day’s hegemony of the British empire, as under the British empire’s “Euro” satellites presently.

The ironical fact of today, is that the tradition of a Europe usually dominated by the imperial overreach of the British monetarist system, especially since the imposition of the “Euro” principle upon continental Europe (and beyond) by the imperial edict of Margaret Thatcher, François Mitterrand, and George H.W. Bush, jointly, against Germany, the so-called “Euro” as British captive Europe’s present Euro system, the mere uttering of money without consideration of some physically intrinsic value as a reigning standard reigns. For those who are truly well-informed in history, Europe today is still under the thumb of the same Roman Empire which has undergone changes in management, from Roman, to Byzantine, to Old “Aristotelean” Venice, to “Sarpian” Venice, and to the Sarpian legacy of the “new Venetian,” Sarpian “free trade” style of the presently British imperial monarchy; but, the imperial principle of monetarism as such, imprisons Europe (and parts beyond) in the form of a monetarist form of imperial rule over the mere local nation-state subjects of the ancient Roman monetarist tradition.



U.S. Bureau of Reclamation

It is the development of great public works, from which private enterprises gain the foundations on which local gains in physical productivity and improved standard of living have always depended. Shown: a water turbine being assembled at the Grand Coulee Dam, on the Columbia River, in Washington State.

To illustrate the nature of the solution for the present world situation, take the case of Britain's intrinsic, seemingly hopeless state of bankruptcy at the present time.

The reason which the British acted as they have done recently, even prior to the November 2, 2010 U.S. mid-term general election, in threatening the United States with some most unpleasant actions against the United States, implicitly, a threat of a state tantamount to warfare, should the U.S. restore the Glass-Steagall law, is that the refusal of the United States to die would cause the collapse of the already bankrupt British international monetarist system.

It is true, that the survival of the United States now, would mean the sweeping bankruptcy of the British monarchy's present form of international "commonwealth" system, especially the collapse of the banking

system of the United Kingdom itself. The relevant irony is, that there is no possibility of the survival of the present, extended form of the British imperial system typified by the networks of the Inter-Alpha, international banking system, the true current form of the very real British empire.

Granted, there is nothing we should even think of doing in the attempt to maintain the British empire whose current, post-1971 existence has depended upon the reform known as the constitution and development of the Inter-Alpha Group. However, that does not mean that we should not act to support a rescue of the United Kingdom itself, as distinct from the presently virtually worse than worthless British empire associated with the Inter-Alpha Group.

How? Simple: the United Kingdom, as nation-state, and the British empire, no longer have even the hope of

the perpetuation of the imperial system represented, at its present core, by the Inter-Alpha Group. A reorganization of the British national banking system through establishing the same standard for a credit-system represented by the restoration of Glass-Steagall in the United States.

The great principle of a credit system, is key to understanding the needed reform designed to fulfill the proper intention of national commercial banking under a "Hamiltonian" form comparable to the central, top-down principle of the original U.S. Federal Constitution.

The Remedy

Consider the possibilities for a British economic recovery from the United Kingdom's presently headlong collapse into a terminal form of national bankruptcy,

from the standpoint of the principle underlying all of the successes of the building of the United States, contrasted with the notion of a wildly hyperinflationary effort to maintain a monetarist system now.

Take a lesson from the achievements of Charlemagne, for as long as he lived.

Among the many reforms which Charlemagne introduced, the keystone was the development of a form of credit-system centered upon connecting the principal riparian systems of the internal territory of his realm by a system of canals which are still an essential feature of European culture in that same region, and also beyond, in Europe still today. It is the development of great public works such as the reform under Charlemagne, then, of the case of Franklin Roosevelt's backing of the TVA, and the greatest system yet designed, NAWAPA, which typifies the physical-economic platforms of progress, through great public works, from which private enterprises gain the foundations on which local agricultural and other local gains in physical productivity and improved standard of living have always depended.

The appropriate method for realizing such benefits, is the promotion of scientific and technological advances in the productive powers of labor, per capita and per square kilometer, which provide the basis for those investments which are worth more in results for the nation than their net physical cost. The factor of net physical increase of productivity, per capita and per square kilometer, through the long-term trend of increase of the energy-flux-density of progress, is the factor on which the real increase in growth of physical value of extended public credit depends.

Such achievements, which depend upon a system of public credit, rather than a monetarist system, represent the physical factor of action on which the existence of a successful system of national credit depends. In the U.S.A. case, it was the organization of credit on the basis of national banking, in which national banking supplied the foundations on which local commercial banking depends, rather than speculative "Wall Street" games.

This means, in practice, that, for the United Kingdom to outlive the consequences of its present folly, it must base its own internal growth on a national system of public credit, expressed in detail in the equivalent of a regulated system of public credit. The margin for this in the longer term, is participation in the raising of the physical standard of living and of physical productivity, through aid of very large public infrastructure projects

not inconsistent with the U.S. projected NAWAPA project, for the raising of the income of the peoples of Europe and North America through the improvement of the quality of production and life of the peoples of, especially, Africa, Asia, and South America. The driver of any successful effort of that sort, requires a global fixed-exchange system of systems of public credit of the participating sovereign republics.

It is the upgrading of the conditions of life of the people of the United Kingdom, for example, which thus defines the principle of a global system of public credit among respectively perfectly sovereign nation-states, which is not merely the best hope for mankind today, but is, presently, the only hope for each and every part of mankind.