

# The June Death-Rattle of the British Empire's Eurozone

by Dennis Small

June 6—With the British Empire's hyperinflationary bailout strategy derailed by the May 14 detention of the IMF's Dominique Strauss-Kahn in New York City—after he was caught displaying “irrational exuberance” on the wrong front—the second half of June is shaping up as a full-scale financial train wreck for Greece, Portugal, and Spain's bankrupt creditors, and for the rest of Europe as well.

Europe's creditor banks—principally the Rothschild-run Inter-Alpha Group of banks—are doubly desperate. Not only are the bailout scams organized by the troika of the IMF, the European Union, and the European Central Bank now finished; but the banks' spigot at the U.S. Federal Reserve, which funneled trillions of dollars in freebie funds to them over the last three years under Bush-Obama, is also about to run dry. On June 30, the Bernanke-Geithner QE2 gravy train comes to an end, and, try as it might, the Obama Administration finds itself politically unable to ram through yet another massive bailout. The angry and mobilized U.S. population will have none of it; nor will growing circles within Establishment and other institutional circles. They are increasingly turning to FDR's Glass-Steagall law as a viable option—indeed the only one—to the current catastrophe (see *National* for the latest on the Glass-Steagall fight).

On June 3, Bill Gross, the head of Pimco, the world's largest bond trader, put it bluntly in an interview with Bloomberg radio: “We don't see a QE3. There has been

too much discussion and dissent within the Fed to permit that type of program.”

## Indignant Spain

There is also a mass-strike explosion sweeping Europe—from Spain, to Ireland, to Greece—which is demanding that the deadly bailouts stop. The most recent round of protests was kicked off by demonstrations across Spain on May 15, which drew upwards of 160,000 people, largely youth calling themselves “*Los Indignados*”—translated variously as “The Indignant” or “The Outraged”—who have continued to demonstrate and camp out in the central plazas of Madrid and many other Spanish cities.

Organized largely through social networks outside the traditional parties and institutions, as in the Egyptian and Tunisian revolts they took as their inspiration, the Spanish movement includes elements of leftist groupings, existentialist and other Green fruitcakes, and some clearly more thoughtful youth who are looking for the real cause of the crisis, and are studying the Glass-Steagall solution which Lyndon LaRouche has placed front and center on the international stage.

The demonstrators marched under the slogans “We're not merchandise in the hands of bankers and politicians,” and “Real Democracy Now.” One of their banners called for mobilizing the country's huge unemployed population, officially over 21% of the labor force, and 45% among youth, with the message: “Un-



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*On Sunday, June 5, a half-million Greeks, calling themselves **Los Indignados** after the Spanish protestors, demonstrated in Athens' Syntagma Square, against the government's capitulation to the bankers' troika. This photo is from May 29, in front of the Greek Parliament.*

employed people: Move. If you don't fight, what will you have?"

Others have targeted Emilio Botín, the hated head of Spain's largest bank, Banco Santander, which is one of the key Inter-Alpha banks, with slogans such as: "We won't pay for your crisis;" "Botín, you bastard, go work as a peon" (which rhymes in Spanish); "Usurer! Usurer!" and, "Their Botín, Our Crisis"—which in Spanish plays on the double entendre that the word "botín" also means "loot."

LaRouche's programmatic ideas, including his demand for an immediate return to Glass-Steagall, have begun to spread significantly in this tumultuous environment.

One youthful participant from Valencia wrote on the NuestraCara blog: "Why can't they design a law that sets the path for [the banks] to follow? In 1933, the U.S. Congress approved the Glass-Steagall Act, a measure which separated the banks from the stock market, as a measure to deal with the Great Depression. What it sought was to differentiate the financial activities of those entities from speculation."

Likewise, in the lead-up to the May 22 regional elections in Spain, copies of the editorial from the latest issue of the LaRouche movement's Spanish-language paper *Nuevo Federalista*, with the headline "Glass-Steagall or New Dark Age," circulated among the tens of thousands of youth camped out in the center of Va-

lencia. And nationally prominent investigative journalist Daniel Estulin promoted the discussion of Glass-Steagall that is going on within the *Indignados*; Estulin's interview with this author on his May 20 radio program was heard live by well over 100,000 listeners, and millions downloaded it later from his website.

The results of the May 22 municipal elections only served to stoke the fires of revolt, when the party of Prime Minister José Luis Rodríguez Zapatero got smashed at the polls. His PSOE lost in 11 of the 13 regions where elections were held, including historic defeats in Castilla-La Mancha, and in the city of Barcelona, both of which had been held by the PSOE for decades. The Spanish daily *El País* described the results as a "tsunami," which, in effect, pulled the plug on the Zapatero government nationally, which has obsequiously imposed every single austerity measure demanded of it by banker Botín's bosses in London.

### **Governments Falling, Right and Left**

With the May 22 elections, Spain joined the long and growing list of European countries whose governments have either been toppled or fatally weakened by the popular revolt against London's bailout and austerity policies: Portugal, Finland, Ireland, Greece, Germany, Italy, France, and so on.

The Portuguese case is instructive . . . and explosive. Portugal held national elections on June 5, to choose a

replacement for the outgoing government of José Socrates, which fell on March 23, when Parliament rejected the austerity package that Socrates had agreed to with the IMF and EU. As in Spain, Socrates received a drubbing at the polls on June 5 because of his capitulation to the banks, with the Social Democratic candidate Pedro Passos Coelho winning handily.

However, Passos Coelho has also promised to implement the same economic policies that led to his predecessor's overthrow. London-run bankers will now scramble to get him to sign on to their plan—which he will be politically incapable of implementing, regardless—in the few days remaining before the June 15 deadline when over EU3 billion in Portuguese government bonds come due. If there is no austerity deal with the discredited IMF, Portugal will not get even the promise of a bailout package from the IMF-EU-ECB troika. And if it doesn't get that money, it will default on its bond repayments to the banks—and that could instantly spread across Europe, and bring down the whole lot of bankrupt creditor banks.

Now turn to Greece, where an earlier bailout package from the Strauss-Kahn-led troika has predictably failed to stem the crisis. The troika is now demanding that the Papandreou government agree to massive privatizations of state enterprises, and allow international financiers a hand in collecting national taxes (!), or it will not issue the next EU12 billion tranche of the bailout, which is due on June 29. Not only that: The IMF is now also demanding that, before it will disburse that tranche, the June 23-24 EU Summit must commit to a *new* bailout package for Greece, which, in practice, means that Germany must once again pick up the tab for London's bankrupt banks—which is politically nearly impossible for the Merkel government to do. If Greece does not receive those funds—and probably, even if they do—they will be forced to default on their debt obligations to the banks, which again could instantly spread across Europe and bring the whole system down.

Papandreou, like Zapatero in Spain and Socrates in Portugal, has signed memoranda with the troika agreeing to all their demands, and would like nothing better than to comply . . . but he can't. On Sunday, June 5, a half-million Greeks demonstrated in Syntagma Square of Athens, demanding that “the Memorandum government must leave.” The Syntagma demonstrations have been steadily growing over the last two weeks, and are explicitly modeled on the Spanish *Indignados*; they

now refer to themselves as “*Apogoitevmenoi tou Syntagmatos*” (the Indignant Ones of Syntagma). Late reports indicate that the Papandreou government could fall before the middle of June, as a revolt against him is said to be growing within his ruling Pasok party.

### **Bankers' Dictatorship?**

London has an answer for this indelicate conundrum, caused by the fact that every government across Europe that is committed to its policy of looting is being tossed out on its ear: Forget the governments; just impose a bankers' dictatorship. That policy was stated unambiguously by the outgoing head of the ECB, Jean-Claude Trichet, in a June 2 speech in Aachen, Germany:

“If a country is still not delivering” on austerity measures after receiving EU bailout funds, “I think all would agree that the second stage has to be different,” Trichet said. “Would it go too far if we envisaged, at this second stage, giving euro-area authorities a much deeper and authoritative say in the formation of the country's economic policies if these go harmfully astray? A direct influence, well over and above the reinforced surveillance that is presently envisaged?”

“We can see before our eyes that membership in the EU, and even more so, in the EMU, introduces a new understanding in the way sovereignty is exerted. . . . In the new concept, it would be not only possible, but in some cases compulsory, in a second stage, for the European authorities—namely the Council, on the basis of a proposal by the Commission, in liaison with the ECB—to themselves make decisions applicable in the economy concerned.”

LaRouche had a few choice words for those, like Trichet, who would press ahead with fascist austerity policies to try to salvage London's debt bubble, regardless of the consequences:

“They forgot about the explosion of hyperinflation. Take the collapse of the productive action of the economy and the effects of that collapse; then you take the rate of increase of monetary aggregates, and you have a built-in hyperinflation. You have an accelerating collapse caused by any attempted such remedies. And that's elementary; and anybody who says they are a financial officer or an economist, who says the contrary, is obviously either a mental case or a criminal liar, if he's an official of government. Any member of government who says that this is going to be beneficial, is committing a crime against humanity, and shall be held accountable for such criminal behavior.”