

Europe's Choice: A Two-Tier Banking System or World War

by Helga Zepp-LaRouche

Aug. 31—Between the threat of financial collapse in the trans-Atlantic region and explosive developments in the Middle East, the threat of World War III is greater than ever before. The very existence of human civilization is at stake; what we need are actions by courageous people to implement the existing alternatives and prevent a catastrophe.

The debate on so-called “Quantitative Easing III” clearly shows how far things have gone, such that the question is whether the Federal Reserve, the European Central Bank (ECB), and other central banks should bring out the “Big Bertha” artillery now, and print unlimited money so as to delay the collapse of the trans-Atlantic banking system, or whether they should wait. One section of the financial establishment, around U.S. Treasury Secretary Timothy Geithner and Fed chairman Ben Bernanke, is convinced that only flooding the markets with liquidity will prevent immediate collapse, and thus head off the danger that Obama will not be re-elected. Another section of the establishment is afraid that obvious hyperinflation would ruin Obama's chances for re-election. Thus, Bernanke's speech today at the annual meeting of central bankers in Jackson Hole, Wyo., was highly ambivalent: The Fed will provide new stimulus injections, although not immediately, but “as needed”—i.e., quite soon.

ECB chairman Mario Draghi met with a vigorous counter-reaction after his pretentious announcement

that he would do “everything” to save the euro—including direct ECB financing of governments and banks. Bundesbank head Jens Weidmann reportedly threatened to resign in protest against this hyperinflationary policy. An even fiercer battle is raging between the sections of the establishment that want to reintroduce a two-tier banking system, along the lines of the former U.S. Glass-Steagall law, and those who believe, in the imperial tradition, that they will only be able to hold onto their power by igniting new wars. The first faction includes some from the City of London and Wall Street—most recently James Rickards, the former general counsel of the Long Term Capital Management (LTCM) hedge fund, which in 1998 had to be saved by an unprecedented rescue operation by the 16 largest banks in the world. “Repeal of Glass-Steagall Caused the Financial Crisis” was the headline of his commentary in *US News & World Report* on Aug. 27.

Triggers for War

Meanwhile, the situation in the Middle East now looks like that in the Balkans in 1914—a chessboard on which local operatives are moved about by the imperial chess players, and on which, as in 1914, a proverbial single shot could launch a world war and set all the interlocking alliance agreements ablaze in a worldwide conflagration.

Potential trigger for world war #1: Syria. Goeb-

bels would be jealous if he could follow the Western media coverage of the events in Syria. Just as the lies were fabricated about alleged weapons of mass destruction in Iraq, so President Obama and President Hollande of France are raising the possibility of the Syrian government using chemical weapons as a pretext for Western military intervention. In reality, the British and American special forces are waging an irregular aggressive war against the Assad government, in perfect harmony with the Islamic fundamentalist Salafists, al-Qaeda, and the PKK (Kurdish separatist terrorists), funded by Saudi Arabia and Qatar. There is genocide going on in Syria, but the main culprits are to be found in London, Washington, Riyadh, and Doha.

The former Chief of Staff of the French Air Force, Gen. Jean Fleury, warned the French government against a military intervention, including the attempt to establish a no-fly zone, in an article published in *Le Monde* on Aug. 23. The French Air Force, he wrote, is far from being in a position to do this. "Today, in order to finish off Bashar al-Assad's Air Force, we would have to deploy the entire American war machine, and use the air bases of Greece and Cyprus, even the Middle East."

The chairman of the U.S. Joint Chiefs of Staff Gen. Martin Dempsey also warned against the idea of establishing a no-fly zone over Syria, because the planes would have to be defended against Syrian missiles, and "any broader activities inside Syria" could only be discussed and implemented in the NATO framework, the *Guardian* reported on Aug. 30. Dempsey, who was addressing journalists during a visit to London, warned that the worst-case scenario in Syria is that it will become "an unstable state with all the risks that involves," according to the *Independent*. Even now, armed extreme jihadists and al-Qaeda sympathizers are spreading throughout the country.

Not only does Syria have a military alliance with Iran; a NATO operation against Syria would also mean total confrontation with Russia and China.

Potential trigger for world war #2: an Israeli attack on Iranian nuclear facilities. Here, too, there are pieces on the chessboard: a dubious IAEA report about alleged acceleration of the Iranian nuclear program, which contradicts the latest official overall evaluation by all American intelligence services (NIE). Israeli Prime Minister Netanyahu announces in response that he wants to address the UN General Assembly in New York at the end of September, "to tell

the nations of the world in a clear voice the truth about the terror regime of Iran which represents the greatest threat to world peace." Netanyahu and Defense Minister Ehud Barak have recently said repeatedly that they would launch a short-term military strike against Iran.

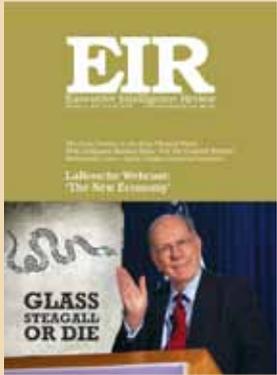
General Dempsey, however reiterated his belief that an attack by the Israeli Defense Forces could "clearly delay but probably not destroy Iran's nuclear program." He said that an Israeli attack on Iran would have broad consequences in a highly volatile region, and that he had not asked for advance notification of such an attack, in part because "I don't want to be complicit if they [Israel] choose to do it," the *Guardian* reported.

War Avoidance

Thus, the Chief of Staff of the U.S. Armed Forces has made it quite clear that in the cases of both Syria and Iran, the U.S. military does not support confrontation with Russia and China. Behind the scenes, the American and Russian military are working flat-out on a war-avoidance strategy; without such very specific

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Chairman of the U.S. Joint Chiefs of Staff Martin Dempsey told journalists in London that he does not want to be “complicit” in an Israeli strike on Iran’s nuclear facilities—a strike which probably would not destroy them anyway. He is shown here at an earlier event.

and multi-faceted cooperation, the great catastrophe would already have occurred.

In this context, the Open Letter of Rep. Walter Jones (R-N.C.) to President Obama is of the greatest significance. Jones declared that another war without Congressional approval would be a violation of the exclusive right of Congress to declare war, under Article I, Section 8, Clause 11 of the U.S. Constitution; according to Article II, Section 4 of the Constitution, this would result in impeachment for high crimes and misdemeanors.

The whole arsenal of military hardware that has been stationed since last Autumn in the Persian Gulf, the Arabian Sea, the Indian Ocean, and the eastern Mediterranean, including the thermonuclear capacity there, is enough to wipe out the human race a few dozen times over. By the very nature of things, a confrontation with Russia and China over Syria and Iran would immediately mean the deployment of thermonuclear weapons.

The most frightening thing about this situation is the absence of any public reflection of the fact that we are on the brink of a third, this time thermonuclear, world war. In the context of the Cuban Missile Crisis, President Kennedy said that those who die first in a

nuclear war would be luckier than those who lived to endure radioactive pollution and other consequences. During the crisis over the medium-range missiles in the early 1980s, there were scientific conferences that dealt with the consequences to the planet of a nuclear winter, and hundreds of thousands of people took to the streets.

And today? When the existence of the human species is at stake?

Back in March of this year, Wolfgang Ischinger, chairman of the Munich Security Conference, wrote in a commentary in the *Frankfurter Allgemeine Zeitung*:

“Two questions are posed. First, how would we act if Israel were to attack? Second, would a containment and deterrence policy be the better alternative, if Iran actually proceeded to build a bomb?”

“Angela Merkel’s speech to the Knesset in 2008 is relevant to the first question; she described Germany’s historical responsibility for Israel as ‘part of the German *raison d’état*.’ ‘The security of Israel is never negotiable for me as German Chancellor. And if that is so, then at the moment of truth, this cannot be just words,’ she said. German policy in an Israeli-Iranian war could hardly go against that. . . .

“Looking at the German public debate about the escalation of the Iran conflict, one might think that this crisis had hardly anything to do with us. Do we in Germany understand the huge impact that an Israeli-Iranian war or an Iran with nuclear weapons would have, and what difficult questions we may soon face?”

But thanks to the media dictatorship and the enforced political conformity of the parliamentary parties, no such debate has yet taken place.

But there is a way out. We need to immediately move to a two-tier banking system in the tradition of FDR’s Glass-Steagall Act, regain sovereignty over monetary and economic policy, and, with the help of a credit system, place on the agenda a real infrastructure program in Southern Europe, the Mediterranean, and Africa, as the BüSo, uniquely among Germany’s political parties, has specifically proposed.

If we take the road to 1923-style hyperinflation by means of unlimited bailout packages, submit to the creation of a permanent bankers’ dictatorship in the form of European Stability Mechanism, and submit to a world empire in which all the governments that oppose these policies will be swept away by regime change through irregular warfare, then we put the existence of the human species at risk.