

LEAVE THE EURO NOW!

German High Court Ruling on Bailout Fund Is a Disaster

by Helga Zepp-LaRouche

Sept. 12—Helga Zepp-LaRouche, the national chair of the Civil Rights Solidarity Movement (BüSo) issued a short video statement today, giving her assessment of the Constitutional Court's decision dismissing the emergency petitions filed against the European Union's European Stability Mechanism (ESM), a permanent bank-bailout fund. Here is the transcript, translated from German.

The Constitutional Court ruling today, Sept. 12, means a real catastrophe for Germany. First of all, it allows the European Stability Mechanism to go into force, after a few amendments are made; and secondly, it means that the European Central Bank's (ECB) chess move succeeded: buying unlimited amounts of government bonds just six days before the court decision. Thus, practically unlimited quantities of liquidity will be pumped into the system, and Fed chairman Ben Bernanke is expected to do likewise tomorrow in the U.S., by proceeding with another "easing," i.e., liquidity injection.

As a result, the entire trans-Atlantic region is threatened in the short term with hyperinflation like that in Germany in 1923—the only difference being that it will not happen in only one country this time, but in the whole trans-Atlantic region. The Karlsruhe Court definitely should have allowed [Member of Parliament Peter] Gauweiler's petition for a temporary injunction, because the ECB decision had indeed created a completely new situation.

Some of the petitioners consider the ruling to be a

partial success, and understandably so, because it imposes certain restrictions, but I cannot agree with them. The ruling does of course state that in the event of new demands from the ESM, the German representative on the ESM Board, who is currently Wolfgang Schäuble, as well as the Bundestag, will have to agree to them. But knowing the position of Mr. Schäuble, who wants to set up a pan-European state as fast as possible, and knowing how the Bundestag has passed all the related bills that have come before it in the past, often without even reading the necessary documentation, these are not real restrictions. Especially because this is happening within the context of the collapse of the financial system, the pressure will continue in an effort to save the euro and to save Europe [the European Union], so concessions will be made.

Hyperinflation and Dictatorship

What we have witnessed over recent years is a complete erosion of democracy and of the Basic Law. The rules of the treaties adopted have been repeatedly broken, be it the "no bailout clause" or the so-called "sovereign prerogative" of Parliament to control the budget.

The ESM would mean the last step in setting up a financial dictatorship. It would be a dictatorship of the markets at the expense of the general welfare. This has already led to incredible destruction of the real economy in Greece, in Spain (where youth unemployment in Andalusia is up to 70%), in Italy, and other countries, and all of them are facing dangerous social explosions.



Helga Zepp-LaRouche warns that the German Constitutional Court's ruling clears the way for hyperinflation and financial dictatorship. There is only one way out, and the first step is to leave the euro and the European Monetary Union.

The entire conception of the ESM is a monstrosity in itself, because it would create a dictatorship, whose leading agencies would have legal immunity for life, thereby establishing a legal vacuum. But ever since the Libor scandal, where it became known to the public that the largest banks in the world have manipulated interest rates for decades, so that their clients were cheated out of multiple billions. And since the hearing in the American Congress on the HongShang Banking Corporation [HSBC], it has become clear that not only did this bank launder a large portion of the money of the drug trade of the Mexican drug cartel, but that the allegations of Antonio Maria Costa, the former UN executive director for fighting the illegal drug trade, and his counterpart in Russia, Victor Ivanov, are right. They have said that the whole financial system would have collapsed a long time ago without the permanent influx of illegal drug money, and that practically every bank is implicated in it.

People have to understand that the ESM represents an absolute catastrophe. The total absence of any sense of right and wrong throughout the banking sector must not be cast in stone, in the form of the ECB and the ESM, which practically give license for producing unlimited liquidity.

A Way Out

The last paragraph of the Constitutional Court ruling nevertheless gives a hint as to where the way out lies:

“It is recognized under customary international law, that an exit by mutual agreement from a treaty is always

possible, at all events a unilateral exit is possible when a basic change has occurred in the operative circumstances at the conclusion of the treaty (see Art. 62 of the Vienna Convention on the Law of Treaties). In this connection, it is of particular importance, that the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG) also requires membership in the European Union (1st and 5th recitals; Art. 1 para. 1, para. 2 sentence 1, Art. 15 sentence 1 TSCG). In the event of an exit from the European Union (see German Constitutional Court 123, 267 <359, 396>), the basis for continuing to participate in the reciprocal obligations of Member

States of the European Union laid out in the TSCG—therefore the law requiring approval of what is referred to as the Fiscal Pact—would not be applicable (see Art. 1 TSCG). Also, the continuing membership in the single currency is the essential basis for the commitment of the Federal Republic of Germany to the requirements of Art. 3 ff. TSCG (see Art. 14 para. 5 TSCG), which would not apply in the event of an exit from the Monetary Union (for this see German Constitutional Court 89, 155 <205>).”

That is the only way out. Germany must withdraw from this terror by leaving the European Union and the European Monetary Union. It must regain its sovereignty over its currency and economic policy, then immediately establish a two-tier banking system and a credit system, and set into motion a reconstruction program for the real economy, as we have presented over the last several weeks.

Naturally, if you read the newspapers or listen to the media reporting, then you would think that such an exit from the euro and return to a new sovereign D-mark would mean a catastrophe for Germany. That is a lie. The truth is that hyperinflation, which will be the result of this policy just announced, is the most brutal form of expropriation of the general population. Everyone in Germany know that. We have all learned from our relatives, or by studying history, what happened in 1923—that within a very short period of time, people’s life savings dissolved as if into thin air, and afterwards, they papered their walls with bank notes—because it was cheaper than wallpaper.

German press coverage of the Constitutional Court ruling includes this Sept. 12 cartoon from the Frankfurter Allgemeine Zeitung: How Germany ends up after the Court ruling. The man on the left says, "We are guaranteeing EU190 billion. Peanuts! That's how much a loaf of bread will cost in five years."



Nach dem BVG-Urteil: Deutschland bleibt gelassen

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The truth is, also, that Europe was functioning very well before the Maastricht Treaty [establishing the EU]. If we now orient ourselves toward building up the real economy, which is only possible outside this European Union construct, and if we thus go back to the tried and true concepts, as we did after 1945, with the help of the Kreditanstalt für Wiederaufbau, which was based on the principles of Roosevelt's Reconstruction Finance Corporation, then we can overcome this crisis in just a few years, as we did then.

Threat of War

One further aspect of the situation, which we must take into consideration, is the immediate war danger. A section of the Anglo-American establishment has come to the realization that, after all, the only way to salvage something is through the immediate reintroduction of the Glass-Steagall standard in Franklin Roosevelt's tradition—a two-tiered banking system, which separates commercial banks from investment banks, and stops the financing of the gamblers' debts with taxpayers' money.

That is the opinion of a section of the establishment, but another part is trying, at this very moment, to revert to the tried and tested methods of imperial policy: di-

version from the crisis through war. The immediate war danger exists, on the one side, in the destabilization of Syria, where the Blair Doctrine—the same Tony Blair who brought us the Iraq War on the basis of lies, and who today is pushing the policy of so-called humanitarian intervention—comes right up against the Putin Doctrine, which upholds the UN Charter and the inviolability of national sovereignty.

Therefore, Syria is one possible trigger for war. The other is a military attack against Iran, which all experts know would mean putting a Third World War in place. And this time it would be a thermonuclear war, which would result in the extinction of the human race.

Anyone who thinks about the strategic situation—the financial crash, the financial disintegration, and the acute danger of a Third World War—has to understand that human civilization has hit the wall. And if we don't immediately change the entire paradigm on which policy has been constructed, then this catastrophe will occur.

Therefore, leaving the EU and the European Monetary Union is the absolutely essential first step for Germany, to shift toward a true development perspective, a perspective of building up the real economy worldwide.

That is the only alternative we have left.