

The Financial System Is Already Bankrupt; The Only Salvation Is Glass-Steagall

by Helga Zepp-LaRouche

July 17—The options for coming out of the crisis for which Greece is only a label, have now been reduced to two: If we continue in the direction that Schäuble, Merkel, Cameron, and Obama have so far marched, a very short-term, complete collapse of the financial system of the trans-Atlantic region will definitely be the result, and will most likely lead to a thermonuclear world war, and with it, the extinction of the human race. The only chance to avoid this unprecedented danger is the immediate worldwide introduction of a Glass-Steagall banking separation law, which, since the introduction of legislation to that effect in both houses of the American Congress, has become a realistic possibility.

Both the murderous agreement which was forced on Greek Prime Minister Alexis Tsipras at the latest EU summit, as well as the so-called stop-gap loan of \$7 billion which immediately flows back again to the IMF and the ECB, are pure theater. Because in reality the whole financial establishment knows that the whole banking system of the United States and Europe—the banks, which are allegedly too big to fail, or to have their managements sent to jail—is irrevocably bankrupt. A significant section of this Establishment is only trying to buy time with these measures, and to carry out an anticipated 50% devaluation of the markets—in accordance with the old doctrine of “controlled disintegration,” through which it would maintain political control. In the real world, this plan has as much chance of success as the proverbial “snowball in Hell.”

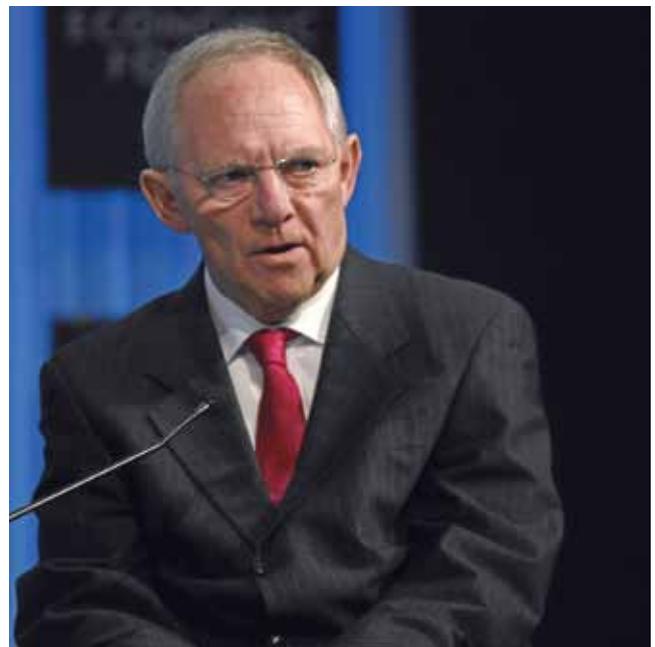
In several European capitals people are talking about a Merkel-Schäuble-Cameron axis in connection with this deal. That Schäuble himself is still, even after the EU Summit, talking about a “Grexit” as the preferred option—which has led to considerable irritation in the German governing coalition—is not surprising. The “Europe of two tempos,” under which Germany, France, and the northern European states come together as a core-Europe, with total political integration, and the southern European states are practically sent into the

desert, has been Schäuble’s pet project for a long time. In practice, this plan means a federated state for Northern Europe, under which any possible sovereignty, and with it the consent of the governed, has been thrown out the window, and sacrificed to a Leviathan monster.

To do that, however, the European treaties must be changed, and the assumption, that this would be possible in the face of the total breakup of the treaties in Europe, is a further indication of the total detachment from reality of this power grouping, which has obliterated so decisively and brutally on the “European idea.”

The Strangulation of Greece

From the very first day on which the Syriza government took office in Athens, the Troika set in motion a process of strangulation, which could only have one ob-



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German Finance Minister Wolfgang Schäuble is a “proconsul of the imperial system,” charges Zepp-LaRouche. Here he is addressing the Davos World Economic Forum in 2011.

jective: to dispatch this government out of office as quickly as possible, and, to this end, to saddle it with responsibility for all the mistakes which the Troika itself had made.

Among those mistakes were, in particular, the manipulated admittance of Greece into the Eurozone, with the help of statistics which had been falsified by the Wall Street bank Goldman Sachs, as well as the awarding of speculative loans to Greece, which had already been insolvent for five years, and whose banking system was only one of many mechanisms for further ballooning the bubble of the casino economy. Over 90% of the loans and “rescue packages” have not stayed in Greece, but have immediately flowed back into the European banks, which have sated themselves with fat profits, just as the ECB did with its Greek loan purchases, or as the ECB and IMF are proposing to do now with the so-called “bridge loans.”

This does nothing for Greece—except to pile up the mountain of debt which has grown in the meantime to somewhere between 220 and 250% of GDP. And if nothing else, that is the reason why the IMF, in a paper which was published by the *New York Times* (among others), concluded that the Greek debt could not be supported, and that it must give a debt “haircut” as well as a 30-year deferral, during which time Greece must pay neither interest nor payments on principal.

A Policy of Empire

What, therefore, is the deeper reason why Schäuble, Merkel, and Co. are pursuing a policy which all the participants know to be unsustainable? A policy, which costs human lives in Greece; which has cut supplies of medicines and equipment to hospitals and as a result caused avoidable deaths; which throws whole families into the deepest poverty and despair; and which leads, in cumulative effect, to genocide against whole groups



EIRNS/Christopher Lewis

Over 90% of the monies the Euro system has “loaned” to Greece has flowed back to the derivatives-stuffed bankrupt European banks, like Deutsche Bank. Here, Deutsche Bank’s Frankfurt headquarters.

of the population? A policy which—as whole hosts of international economists and commentators determined after this fatal EU weekend—has destroyed the whole postwar diplomacy, over the last 70 years, of Germany, tying German policy again to that of 1945, and in which the hateful face of the Inquisition, like that Friedrich Schiller wrote about at the conclusion of *Don Carlos*, stares us in the face?

This real source of the crisis is not revealed to those among our contemporaries who see their reason for living in the maximum accumulation of comforts for themselves, comforts which their support for the current system of the global casino economy brings them. These people feel themselves represented best by Merkel, Schäuble and Co., and have developed a remarkable ability to block out everything which might endanger this illusion. In

a perfidious way, they have succeeded in killing empathy for the fate of millions of people, and to simply block out the connection between the fast-moving, high-risk finance capitalism of the City of London, Wall Street, and the degeneration of trans-Atlantic culture, as it is expressed, not least, in the increasing violence covered in the media, and carried out in everyday life.

But this cause for the crisis is obvious to those—unfortunately small—numbers of thinking people in our society, who have delved into the long arc of history. Schäuble does not represent the welfare of the European people, and certainly not the German population, but he is the proconsul of the imperial system, into which the EU has avowedly degenerated since the Maastricht Treaty. Such an imperium has emerged in ever new clothing since the Roman Empire: as the Holy Roman Empire of the German nation, as Venetian imperialism, as the Dutch-British Empire, as the Anglo-American Empire, or even as the regional representation of that in the form of the EU.

Hamilton's American System

The American Revolution and Declaration of Independence were established in opposition to this very imperial tradition 239 years ago. In this tradition—the tradition of the American System of Alexander Hamilton—are found the Washington Congressional representatives and Senators who are campaigning for the reinstatement of the Glass-Steagall banking separation system in the tradition of Franklin D. Roosevelt, which, along with the credit system of the Reconstruction Financial Corporation created the preconditions for bringing the United States out of the depression. The reintroduction of the Glass-Steagall law, for which two of the five democratic presidential candidates are openly campaigning, is currently the hottest topic in the United States. The White House has just spoken out against Glass-Steagall in response.

There is a solution to the crisis. The casino economy of the trans-Atlantic Imperium must be shut down. The introduction of a global Glass-Steagall system is the unavoidable first step in that process. Then an international debt conference must separate the illegitimate from the legitimate debts, and write them off. A credit system of sovereign states, as it was

envisioned by Alexander Hamilton, must then become the basis for a new international credit system, such as already exists in principle with the new banks of the BRICS states. The European nations must recover sovereignty over their economies and currencies, and then cooperate, as a Europe of the Fatherlands in the sense proposed by Charles de Gaulle, with the BRICS nations in a “win-win” perspective, for construction of a New Silk Road.

In the event that not enough intelligent and moral forces are found to realize this immediately feasible alternative, the path is unfortunately predetermined: The geopolitically oriented powers of NATO, the United States, and the European Union will escalate their confrontation with Russia and China ever faster, as they see the trans-Atlantic system collapse. The moderization of U.S. tactical nuclear weapons in Europe is good news for all those who want to hook up with a trans-Atlantic ISIS suicide squad.

There is no more time to lose. Glass-Steagall must also be implemented in Europe, now. We have to defend everything against the Schäßles of this world—but above all, our humanity and the humanist culture of Europe.

The New Silk Road Becomes the World Land-Bridge

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This 374-page report is a road-map to the New World Economic Order that Lyndon and Helga LaRouche have championed for over 20 years.

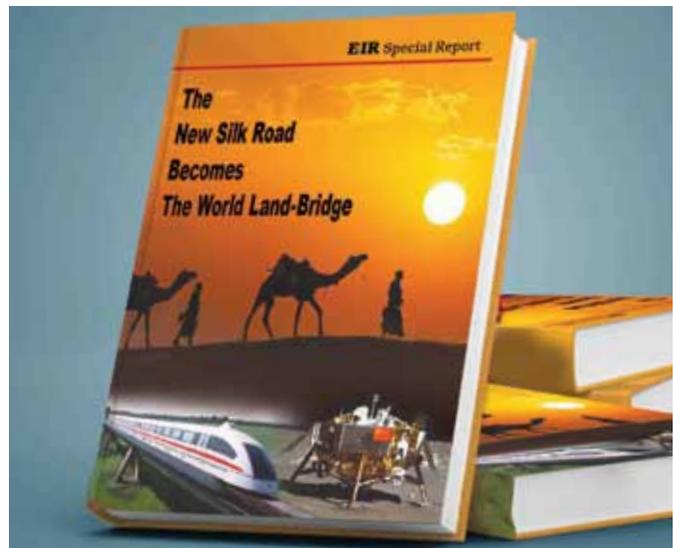
Includes:

Introduction by Helga Zepp-LaRouche, "The New Silk Road Leads to the Future of Mankind!"

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