

## THE EUROPEAN CENTRAL BANK PUMPS MONEY

# Bankrupt the Speculators, Not the Savers!

by Helga Zepp-LaRouche

March 11—The European Central Bank’s (ECB) decision to set interest rates at zero, to charge negative interest rates for deposits, thus actually giving banks the money to take out ECB credit, as well as to raise its monthly amount of bond purchases from 60 to 80 billion euros, means only one thing: The trans-Atlantic financial system is hopelessly bankrupt. We are standing on the edge of a total collapse, and it is absolutely inexcusable for governments to allow such a system based on a deceitful hoax to be propped up even one day longer. The casino economy of the mega-speculators must immediately be shut down and replaced by a strict Glass-Steagall banking separation system! There is a solution, but it demands a dramatic turn away from the current neo-liberal model and a return to the real economy and economic development.

ECB head Mario Draghi, a former director at Goldman Sachs, has launched a total assault on German savers, savings banks, and small and medium-sized enterprises. Thus he has whipped out the very last card in the rigged poker game which the trans-Atlantic banking system turned itself into a long time ago. Now it’s finished; they’ve shot their wad; at any moment the sudden death of the financial system could occur. It would throw us immediately in chaos.

An exaggeration? Here are the reactions of various economists and experts:

- Jürgen Stark, former chief economist of the ECB: “It’s all going to

end in chaos. The ECB is going beyond its mandate and destroying public trust in the institution.”

- Hans-Werner Sinn, president of the Ifo Institute for Economic Research and a member of the Chancellor’s economic advisory council: “This is illicit subsidizing to support the zombie banks and countries threatened with bankruptcy.”
- Clemens Fuest, President of the Center for European Economic Research as well as a member of the economic advisory council at the German Ministry of Finance: “The ECB has shot its wad.”
- Wolfgang Gerke, President of the Bavarian Financial Center: This is “a frontal assault on all savers.”
- Michael Kemmer, chief executive officer of the banking association: This is “poison.”
- Anton Börner, President of the export association



Sparkassenverband Baden-Württemberg

*Jürgen Stark, a former chief economist of the European Central Bank, reacts to its latest decisions: “It’s all going to end in chaos.”*



Deutsche Bundesbank

*Otmar Issing, another former economist of the European Central Bank, reacts: “Suicide from fear of death.”*



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*The monetarist paradigm is producing fascist movements, such as that of Donald Trump in the United States and Alternative für Deutschland in Germany. Here, a demonstration of 40,000 organized by the xenophobic, right-wing Pegida movement in Dresden, Germany.*

BGA: “This is a gigantic redistribution from the North to the South. Politically, it carries a huge explosive charge, when put it together with the refugee crisis. It is highly dangerous.”

- Wolfgang Steiger, General Secretary of the Christian Democratic Union’s Economic Council: “The policy of cheap money destroys confidence. When the medicine is wrong, it doesn’t help to raise the dose.”
- Otmar Issing, former chief economist of the ECB: “Suicide from fear of death.”
- Professor Richard Werner, Southampton University: The ECB’s policy will probably destroy half of the 1,500 savings banks and cooperatives in Germany: “We’ve learned nothing from the financial crisis. The sooner there’s a revolt in Germany, the better.”

### **The Policy Has Failed**

But the failure of the European Monetary Union and the “rescue package” for the banks after the collapse of Lehman Brothers in 2008 is not the only policy failure of the European Union. The images of refugees at the Greek-Macedonian border are the reflection of the total

inhumanity of the EU, which knows neither union nor solidarity, and whose “values” certainly have nothing to do with Europe’s humanist tradition.

The line which Chancellor Merkel has apparently oriented to—namely, focussing everything on securing the EU’s external borders through helping Frontex and an arrangement with Turkey—is just as unenforceable as it is irresponsible. You need only look at the map of Europe to see that desperate people who are fighting for survival, will always find a way to cross borders. The idea of solving the refugee crisis with the help of Turkey is downright absurd.

In contrast to the naïveté and pragmatism of Merkel’s help for Turkish President Erdogan in his recent election and of her current policy, two former U.S. ambassadors to Turkey, under Presidents Bush senior and junior, Morton Abramowitz and Eric Edelman, describe the Erdogan regime as one which is authoritarian, collapsing economically, and waging a civil war against its own people. Moreover, the UN High Commissioner for Human Rights, Zeid Ra’ad al-Husseini, called the planned mass deportation of refugees from Greece illegal. At the UN Human Rights Council

in Geneva, he stated that border restrictions that do not determine the circumstances of each individual violate international and European law.

But it's not only that: The Turkish government's support for the ISIS terrorist organization—and thus, one of the causes of the refugee crisis—has been sufficiently documented by various intelligence services and media. Given that state of affairs, to become dependent on the Turkish regime is more than amateurish; it is irresponsible.

Responsible politicians in the so-called West, and especially in Germany, must recognize that they are responsible for this gigantic policy failure; that they have totally bungled every opportunity that has come up since the fall of the wall in 1989 to build a truly peaceful world order for the Twenty-first Century; and that the blatant failure of their policy will endure as their historical legacy—provided there actually is a history.

The very fact that there is such a phenomenon as Donald Trump in the United States, whom the former Labor Secretary under the Clinton Administration Robert Reich has correctly likened to the fascists of the 1930s, or as the *Alternative für Deutschland* party, which plays to the lowest impulses of the population, is the result of the policies of the established parties. The neo-liberal, monetarist paradigm which puts profit for the greedy far above the general welfare, has produced the monster, which now fills the future with alarming question marks.

## The Way Out

Despite everything, there's no reason to despair. There is a way out of the crisis. It is the tested policy of Franklin D. Roosevelt, who in 1933 created the model which can end the casino economy with the Glass-Steagall Act. And above all, there is the offer by China to overcome the current financial and economic crisis by expanding the New Silk road on the basis of "win-win" cooperation. The *only* way to overcome the refugee crisis is through large-scale economic development of Southwest Asia and Africa, so that the people who are now fleeing to us due to war and starvation, have a perspective for reconstructing and developing their own homelands. China has offered this cooperation, and Russian President Putin has created the prerequisites for a political and economic solution through his military intervention in Syria.

The strategic constellation exists for cooperation with China, Russia, the BRICS nations and the alternative financial institutions which they have created—such as the Asian International Investment Bank (AIIB), the New Development Bank (NDB BRICS), the Silk Road Fund, and so forth. Our ability to get out of this existential crisis will decisively depend upon whether enough people and institutions are able to recognize the axiomatic basis for the current policy failures, and consciously determine to bring about a new paradigm.

Solutions for this complex crisis can obviously not be found on either local or national levels. The new paradigm must proceed from the common aims of mankind, and create a real perspective for all nations on the planet. As Chinese President Xi Jinping expressed it in his speech before the United Nations in September 2015, and as an old Chinese proverb goes: "The greatest ideal is to create a world truly shared by all."

This proverb is commonly known among all the Chinese, and especially all the young people in the country. We should quickly adopt it as our own.

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—Lyndon LaRouche,  
Feb. 11, 2013

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