

# What Will Follow October Crash: A New Dark Age or a New Credit System?

*Helga Zepp-LaRouche, speaking before more than 120 guests in Berlin on Sept. 22, presented her third webcast as a candidate for Chancellor in the German national parliamentary elections of Sept. 27. Zepp-LaRouche heads the Civil Rights Solidarity Movement (BüSo). We publish her opening speech here, translated from German. The video of the entire session is archived at <http://bueso.de>.*

Dear guests here in the audience or listening on the Internet: Our event is being translated live into English, French, and Italian, and will later be accessible in Russian and Spanish, so we have a real international audience.

You probably realize, or sense, that the national election on Sept. 27 will most likely be the most important in your life; it is a fateful election. That is because this election will determine strategic and historical developments, though Germany is unfortunately not now in a position to play such an important role. But it is important, because we here in Germany can set an example of what is to come.

We are right now in what is potentially the greatest crisis in the history of humanity. The fact that this is not being discussed in the current election, does not make it less real. It just means that the powers that be—the government, the established parties, the media—decided to do as little campaigning as possible, and to avoid the real issues as much as possible, to make sure that the population doesn't get too agitated. If the population realized



BüSo

*Helga Zepp-LaRouche appealed to her audience to help build the BüSo "into a movement in Germany that is able to bring Germany into its role in the world, into a positive alliance with other powers for overcoming the crisis—and, especially, for giving Germany back its soul."*

how bad the situation is, things could turn out quite differently.

That this is the most important election will become clear, right after the election at the latest, in October. The CDU [Christian Democratic Union] has put out an election poster, showing Mrs. Merkel with the slogan, "Coming Cleverly Out of the Crisis." It's a cute slogan, and I'm sure a very good PR office came up with it, because it is obviously intended to insinuate that the crisis is already over, and that Merkel has done a great job. That is the CDU line: "The worst is over," the banking system is saved. Then, a little back door is opened, and they say, "Well, the risks are not quite gone. We can't turn off the warning signals, but you needn't worry too much."

I suppose this poster was ordered between July and August, and the crisis has gotten much, much worse since then. The metalworkers union, IG Metall, for example, has accused the coalition parties of committing election fraud, before the election, by talking down the dangers of the situation.

So, this past Sunday, on Sept. 20, during a TV talk show with Anne Will, Mr. Steinbrück<sup>1</sup> and Mr. Guttenberg<sup>2</sup> suddenly said: "Well, we do have to expect massive austerity in the Autumn after all, and times will be tough;

1. Peer Steinbrück (Social Democratic Party), outgoing finance minister.

2. The outgoing economics minister, from the Christian Social Union, is Karl-Theodor Maria Nikolaus Johann Jacob Philipp Franz Joseph Sylvester Freiherr von und zu Guttenberg—or, Karl-Theodor von und zu Guttenberg for short.

you'll have to say goodbye to habits that you like." Just remember that Mr. von und zu Guttenberg was still promising that the crisis would be over by the Fall. So much for the competence of our Economics Minister!

## No Recovery in Germany

I'm going to consider the situation inside Germany now, where it is clear, unfortunately, that a Fall season of massive job cuts is awaiting us. When the "cash for clunkers" bonus here comes to an end, car dealers will stop selling, because fewer people will order a new car, and that will have huge consequences for the auto suppliers, and the whole auto industry.

Then, many people who are still on short-work—which cannot continue forever—will become unemployed. There will be massive bankruptcies among companies. We can expect many communities to suffer tremendous drops in tax income at the end of the year. Some private clinics are already counting on that, and are waiting for the towns to go bankrupt, so that they'll have to sell the public hospitals.

Another consequence is that the costs of the Unemployment Agency will be far greater than expected, because of growing unemployment. The Agency has already asked for EU20 billion more. Generally speaking, if we just take into account what we now know of the situation this Fall, we have a devastating picture. Can we show a few graphics, please?

**–18.7% exports**  
July 2009 compared to July 2008

These are Germany's export figures from July 2008 to July 2009: That's one fifth, not a small amount. Next are the exports from June 2007 to 2008: –22%; and then another drop of 18.7% from 2008 to 2009.

**–202,000**  
industrial jobs since July 2008

### Sale of trucks, 2009

Heavy trucks and construction vehicles **–65%**

Heavy-duty trailers and earth-moving equipment **–70%**

Here are the industrial jobs, which are the most important, because they are the core of the economy: Since July 2008, over 200,000 jobs have been lost. The figures are even more dramatic for trucks and construction vehicles, with –65% in sales. This is an indicator for upcoming commerce, because trucks are used for such transport. It's even worse for heavy trailers and excavating machines, at –70%.

**250,000**  
Industrial jobs immediately threatened

Just consider the official statistics on future prospects. Another 250,000 industrial jobs are expected to be lost. Unemployment in the OECD countries is expected to grow to almost 47 million in 2009, and to 57 million in 2010. Unemployment in the OECD countries has gone up by 45% since the financial crisis broke out. Steel production in Germany has gone down by 50% since 2008, which means that we already have an incredible collapse.

For people who are still working, salaries dropped 0.4% in the first quarter, then 1.2% in the second quarter. But the figures vary greatly depending on the sector. In the metal industry, for example, salaries have gone down –12%. In the auto industry, it is –8.8%. That, of course, does not take into account the drop due to reduced hours, which is not counted in the statistics.

If, as can be expected, real income is negative over the entire year, then the pension guarantee of the Federal government will have to kick in, to prevent the pension levels from going down, because they are linked to real income levels. This has never happened before, but this year may be the first time.

So, if you look at these figures, just for Germany, you see that the situation is catastrophic. And behind the statistics are families, future plans for life, people who are falling into poverty. These are not dry figures, but lives of individual human beings that are at stake.

And Germany is not an island. What is now playing out internationally, in the international financial system and the world economy, determines the parameters of the situation in Germany.

## The G20 Summit

In exactly two days, the G20 summit will begin in Pittsburgh, bringing together the 20 most important countries, as a follow-up conference to the summit in

London in April. Surprises can never be excluded, but I have studied the situation, and I find no signs whatsoever that these heads of state are planning a reorganization of the financial system. There is no longer a single word on the necessity of a New Bretton Woods System.

If you remember, last October, after the collapse of Lehman Brothers, people were scared stiff. All kinds of people, such as French President Sarkozy, were saying we need a “new Bretton Woods,” and many others as well. But this talk has completely disappeared.

Although the crisis has been escalating for two years now, and threatens to become the greatest in history, there has been no analysis of the causes. Yet every time a major accident occurs—be it the collapse of the Archive Building in Cologne or the ice skating rink in Bad Reichenhall a few years ago—an extremely precise investigation is usually conducted into the causes, just to make sure that such an accident never happens again. But that is not being done now.

I think it’s because, when a major accident occurs, you usually call in engineers who are familiar with statistics, with the materials used, with the lifetime of infrastructure—that is, someone who really knows the subject matter, and can look for the cause of the defect, and eliminate it, so it never happens again.

But with this financial and economic crisis, the exact same people who set the course for the crisis in the first place, have now been put in charge of repairing it. They just don’t have the expertise, because they base themselves on the concepts and axioms of globalization, and not on the real economy. So, we cannot expect these people to do anything in the short term to end the crisis, and the casino economy continues. In Pittsburgh, they will bring up regulation of hedge funds—not that they should be *eliminated*, but just to tighten the leash a little bit—and increasing bank equity, but these will be, at best, cosmetic corrections.

The Italian press reported today—it’s not confirmed, it’s a press report—that Obama wrote letters to the participants in the G20 summit, saying the U.S. will reduce its debt. It sounds good, but that means massive austerity for the American population. The letters say that China should become the locomotive for the world economy. Let’s see what the Chinese have to say about that, because it means that they should continue to buy up U.S. Treasuries. They may not be particularly thrilled, as that’s what they did in the past.

China currently has \$2 trillion in currency reserves,

a large part of which is dollar denominated. The Chinese ask at every meeting with Americans: “Are these Treasuries worth anything at all?” In other words, the bond market is shrinking, while the U.S. should actually be selling more, which is a highly dubious proposition.

What China is supposed to get, in return, is greater weight inside the IMF, and the IMF, according to this scenario, is supposed to become the international version of the European Union’s Stability Pact. In other words, placing a cap on what can be spent, and penalties if too much public credit is issued.

This is absolutely absurd, and would guarantee that we won’t get out of the crisis! The IMF, which is supposed to play such a super-role, is calling for a relaunch of the securitization market. That is, the very same elements that led to the crisis are supposed to be repeated.

Gordon Brown, the British Prime Minister, said before the Pittsburgh summit, that he wanted a world government to come out of the G20, and a new way to govern the global world economy.

Basically, this means that the entire world financial system would be based on the principles of the City of London, a new version of the British Empire, as a worldwide empire.

Now, this cannot function, and would lead to the breakdown of civilization. That might fulfill the intention of Prince Philip, the head of the World Wildlife Fund, who is notorious for having said that he wanted to reduce the world population to 2 billion people. He said that should he be reincarnated—which he won’t be, fortunately—he would like to return as a virus, because he could then help reduce the world population.<sup>3</sup>

So, if these or similar plans, or variations of such monetarist solutions, are decided on in Pittsburgh, it is certain that we will face a crisis in the short term that dwarfs anything most of us can imagine right now. The extent of the crisis that can then develop will probably be clear in October. The reason is the following.

## **Danger of a Dollar Collapse**

The U.S.A. is on the verge of national bankruptcy. Forty-eight of the 50 states are insolvent, and the new fiscal year begins on Oct. 1. That’s the point at which the banks and financial institutions will have to open up their books, and there are two possibilities: Either the reality that most banks are hopelessly bankrupt is ad-

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3. Reported by Deutsche Presse Agentur, August 1988.



mitted, or there will be another attempt at a cover-up through “creative accounting.” But this is becoming more problematic, because so many things have happened in the meantime. You have the Bernie Madoff scandal, for example, where the former head of the New York NASDAQ ripped off his clients for \$50 billion, and is now sitting in prison.

Then there were others, Sir Alan Stanford, et al., who “only” stole a few billion. There were transatlantic gangs who swindled their clients through insider trading. These criminal activities are being investigated by [New York] Attorney General Cuomo, and also in Congress and the Senate. So it is not so easy to attempt a cover-up.

The problem is that this could lead to a collapse of the dollar, which would automatically threaten to set off a worldwide chain reaction. If the dollar collapses, of course, every country will be hit by it, thanks to globalization, because all market segments are interlinked, internationally, and after all, the dollar is the world reserve currency, and many countries have debts or credit in the United States. The U.S. is indebted, and many trade agreements are denominated in dollars. With the concentration of risk, you would definitely have a chain reaction worldwide.

Here in Germany, there are ideologues, left and right, who think that would not be such a bad thing, because of their anti-Americanism. They say: “Let the United States collapse, and here in Europe and in Germany, we will remain unscathed. We’re the best, we’ll manage.”

The problem is, they are in cloud cuckoo-land, because after all, Germany is an exporting country. Our exports have been very strong, and our internal market is weak, and our exports have to be absorbed by countries which would be hit by the dollar collapse, beginning with China.

China depends very much on the United States, because, contrary to our express advice over recent years, they have specialized in cheap production for export, particularly to the U.S., over the past years. As those export markets in the U.S. collapse, China loses its export markets, while their currency reserves in dollars are depreciating. Part of the drop in our exports here in Germany, such as machine-building and machine tools,



EIRNS/Stuart Lewis

*LaRouche PAC's poster of President Obama with "a special mustache" has become a symbol for the mass strike process in the United States.*

is due to the fact that China is not importing these products—textile machines, too.

## Mass Strike in the U.S.

Right now, the situation in the U.S. is highly explosive. Since the beginning of August, something has been developing that can only be called a mass strike. That is not the equivalent of a general strike or a trade union strike; it's a notion that was defined by Rosa Luxemburg at the beginning of the 20th Century, in a commentary on the Russian Revolution, where she said that you cannot *organize* a mass strike. You don't call on people to mobilize for it, and you can't repress it, because it's the reaction of a population to what they feel is a profoundly unjust situation.

That has been exploding in the United States since the beginning of August, in town meetings, for exam-

ple. Hundreds of such meetings took place with Representatives and Senators trying to present the Obama Administration health-care reform in a favorable light. Every day, some 10,000 to 15,000 people went to dozens of these meetings. Some of them even had 3,000 people attending. At some, 2,000 people stood outside, just to express their protest.

This is really a completely new situation. However, if you are to believe the European media or the German media—which you should only do with great caution—they only explain that President Obama wants to give health insurance to the 50 million Americans who have none, which is long overdue, and that nasty Republicans are calling it communist or socialist, and they're the ones who are blocking it.

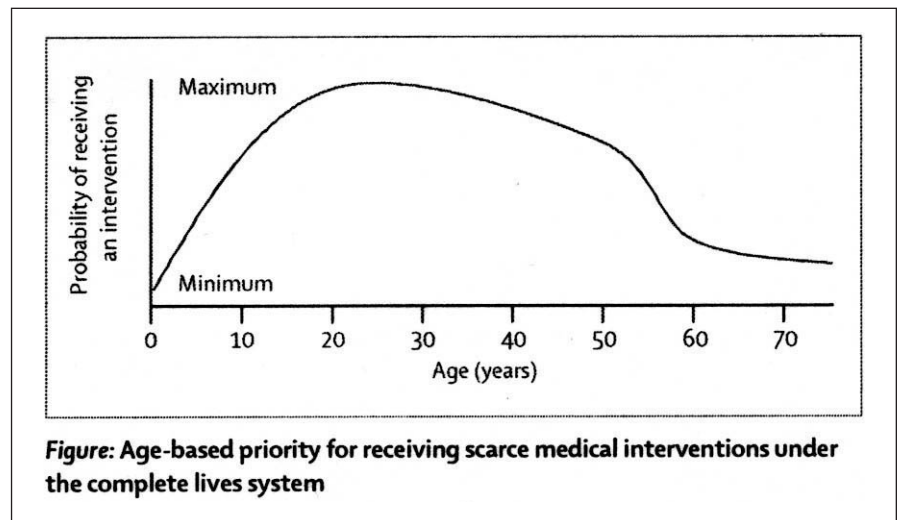
That's not the truth, far from it. First of all, the so-called public option for the uninsured has already been swept off the table. In reality, because of the bailouts for the banks, the government is now so indebted, and the deficit is so high, that they want to cut the health-care spending by about 30%. That is, even if you bring 50 million more people into the program, but costs are reduced by 30%, then you can figure out that the services that will be provided will be massively reduced. And that's why people are saying "no."

The whole thing is based on the British model, called NICE, which is the National Institute for Health and Clinical Excellence. This medical board was set up in England some time ago, and it decides which treatments will be paid for, for which patients and diseases. This is what Sarah Palin, the ex-governor of Alaska, brought up by calling it "death panels," and she pointed out that her child, who suffers from Down's syndrome, would probably not even be treated anymore, if this kind of policy went into effect.

Another model in Great Britain is the QALY, Quality Adjusted Life Years. It comes down to the idea that when a person reaches a certain age, it makes no sense to give medical treatment—for example, after the age of 65, no more dialysis, or after 70, no more hip replacements, or other such things. You also have the Liv-

FIGURE 1

## Ezekiel Emanuel's 'Allocation of Scarce Resources'



*This figure, from a Jan. 31, 2009 article in the British Lancet, written by Dr. Ezekiel Emanuel, et al., titled, "Principles for allocation of scarce medical interventions," identifies those, by age, whose lives are worthy to be saved, and those who should be denied medical treatment.*

erpool Care Pathway, which organizes end-of-life care, in such a way that people are denied care at an earlier point than they should be.

Ezekiel Emanuel is one of the main health-care advisors to President Obama, and he came up with the curve that you see here (**Figure 1**), which shows that major portions of health-care costs come in the last two years of a person's life, and even if life expectancy increases by ten years, the costs also increase in the last two years, so costs have to be cut, in order to save money. One of his proposals is to stop giving antibiotics to people suffering from dementia, if they get a lung infection, or something similar.

From age 0 to 20 years, the curve of probability of receiving treatment goes up sharply, then remains on a plateau from 20 to 40, and then begins sinking as of age 60, and then drops massively. In other words, in this view, when there is scarcity of health-care resources, children and the elderly are considered less important than the others. A one-month old baby is worth less than a ten-year-old child, because more has been invested in the latter. And of course, the elderly get absolutely no priority.

And that's why my husband held a webcast on April 11, where he said that President Obama's health-care policy, which is based on the British health system, has

parallels to what the Nazis introduced in 1939 with the T4 program—that there are categories of “life not worth being lived.” And since that time, my husband has led the campaign in the U.S., and we here in Germany have covered the implications of this policy on our website, and in *Neue Solidarität* newspaper. Since that time, we have shown this picture of Obama, with a slight correction, a small Hitler mustache, which has become the symbol of the resistance in America.

Now, I’ll show you the video of a demonstration on Sept. 12, where the so-called Tea Party people organized a huge demonstration of 300,000 people in Washington, and then 500,000 to 700,000 in other cities around the country, which brings the number of people in the streets up to 1 million.

[Video shows protesters saying, “We not racists, we’re not Nazis, we’re not mobsters—we want to be independent, we want to stand for ourselves.” “I’m sick of the lies, I don’t like being lied to, I don’t like being lied about.” “You have awakened a sleeping giant, we are tired of this. This is why everybody in this room is so ticked off.” Shouting. “This happened in 1776, and now it’s happening again. Americans are standing up and shouting in one voice, ‘Enough is enough. Return our republic to its rightful owners, the legal citizens of the United States of America. In this land of shining possibilities, our country’s capital city, before a worldwide audience of millions, Americans are sending the message of hope to all who would be free.’”]

So this is really a revolutionary situation. These people are not just reacting to the health-care cuts, but also to the fact that, since the crisis broke out, \$22.3 trillion was given to the banks, to cover the toxic waste which they bet on and lost. Over 3 million people have lost their homes, and another 2.5 million are expected them to lose them this year.

In many cities in the U.S., there are so-called tent cities, where people who, up until very recently, still had a home and a job, and who have now lost everything, including their medical insurance. And as you



EIRNS/Michael Steger

*Sign of the times: A tent city in Ontario, California, January 2009.*

know, there is no social safety net in the U.S. The unemployed receive compensation for a certain period of time, but then they just fall into the abyss.

Even about 40% of Americans who still have a job need food stamps now, just to survive. In California, \$60 billion of budget cuts were just implemented. This is absolutely an existential question for many, many people, who, without welfare, will have nothing more; they’ll just die, and they’re aware of that. The reason why people went into the streets, as we saw in this video, is because they’ve understood that it’s a question of life or death, literally.

If you go to the BüSo website, you’ll see the video of a town meeting in Detroit, with Congressman Dingell, where one man pushed his son in a wheelchair up to the podium, and said, “Here, under Obama’s health-care reform, my son will no longer be treated. And what do you think about this?” He was accused of being an agent of the Republican Party, or of being sent there on purpose. He later held a press conference where he said, in very moving tones, that that was not true, and that he’s really battling for his son’s life. He expressed what many other people are thinking.

Through this mobilization, which was actually triggered by Lyndon LaRouche’s webcast in April, the original plan that Obama had for his health-care reform policy will not work—he had planned to push it through





Franklin D. Roosevelt Library

*President Franklin D. Roosevelt gives a fireside chat, laying out his economic policies to the nation in 1935.*

in July. The Democrats, of course, want to be reelected next year, and when such revolts are going on in their districts, they have to think twice about supporting such a policy.

So, they've begun the following tactic. They have announced 500 amendments to the bill, which would amount to parliamentary obstruction, and basically kill it.

I don't know if you are among the 200,000 Berliners who turned out to acclaim Obama when he was here during his campaign. If so, I think many of you are totally disappointed, like so many Americans are, at what he's done. That's why, Obama right now has the lowest popularity rating of any President in the history of the United States after eight months in office, because he hasn't kept his promises.

What *didn't* he promise during his campaign! He wanted to model his Presidency on Lincoln, or Franklin Roosevelt. He wanted to close Guantanamo and other prisons. But now we see that since the G20 summit in London, at the latest, he's following in the footsteps of Bush. He's pushing the City of London (and Wall Street) policy. He's bailing out the banks at the cost of the population—there's no difference from Bush.

There's a lawyer in America named Tina Foster, who has filed a lawsuit, and she says that although Guantanamo is to be closed, there's a prison in Afghanistan, called Bagram, which is much, much worse than Guantanamo, and it will stay open. She describes the torture there. So, again Bush. Bush started the Afghanistan War, but Obama wants to reinforce the troops

there.

So, Obama now faces an alternative: either he continues to defend the interests of Wall Street, or he saves his own Presidency. He can't do both.

LaRouche formulated very clearly what Obama must do, most recently in his webcast of Sept. 8. There's only one way that Obama can avoid becoming the most hated President in U.S. history, in the footsteps of George W. Bush: He must go back to the policy of Roosevelt.

*[Video clip of FDR giving a speech.]*

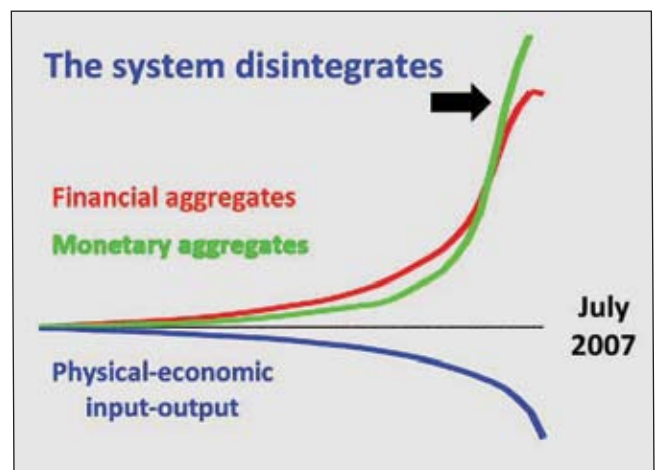
Franklin Roosevelt brought the U.S. out of the Depression in the 1930s, with the New Deal. He did it by granting public credit to those who wanted to produce something. Within a few years, the country was to a large extent out of the Depression. Especially after Pearl Harbor—that was what FDR was talking about in this speech—the population demanded that he control Wall Street and limit its power.

## Deflation and Hyperinflation

Here we have a graphic [Figure 2] that LaRouche put out in 1995 for the first time, and which is being studied closely by important economists in the United States. The lower curve, the output of the real economy, has been going down for a long time, worldwide, and not just since the financial crisis broke out. And since July 2007, it has been going down hyperbolically. This curve shows agricultural and industrial production, and basically everything that's needed for the population. There has been a collapse of 50%, or more in some categories.

FIGURE 2

### LaRouche's 'Triple Curve' Function





Bundesarchiv Bild

*This Berlin newspaper on July 28, 1923, illustrates Germany's hyperinflation, as the reichsmark plunged to 1 million against the dollar.*



Bundesarchiv Bild

*Bankers count the mountains of cash in the Reichsbank in Berlin, October 1923. Two months later, Hjalmar Schacht was named head of the Reichsbank, and proceeded to devise the plan for brutal austerity that "stopped inflation"—and paved the way for the Nazis.*

The green curve shows the monetary aggregates, that is, the liquidity in circulation, and it is going up hyperbolically. As you can see, it's completely divorced from real production—they have nothing to do with each other.

And the red curve is the financial aggregates, which is the part of the financial system that is linked to the real economy, salaries, investments. Until July 2007, there was a hyperbolic development upwards, but then you see, in July 2007, an inflection point where the red curve collapses. That is why people are saying we don't have a problem—prices are going down, milk is getting cheaper, Aldi [department store chain] is lowering

prices, deflation is on, and it's great! There's no problem, they say, if we pump all this liquidity into the system, because it has no effect on the price. What's the problem?

But in reality, this is a very short-term situation, and we have today a situation like that of Germany in 1923, except worldwide, as I mentioned. What was Germany like in 1923? Germany had accumulated huge debts during the First World War, due to the costs of the war, and immediately after the war, the Versailles Treaty forced it to pay reparations to all the Allied powers—France, England, and indirectly the United States. That was, of course, much more than the German economy could support.

And the Reichsbank simply set the printing presses going and printed money. This process was completely invisible for years; until 1921, 1922, 1923, that is. But in the Spring of 1923, here is what happened: France was not satisfied with the amount of payments it was receiving, and occupied the Rhineland, with the idea of cashing in on it. Then there was a strike of German workers, production came to a standstill, and then inflation exploded, within half a year, such that a pound of bread went from costing 1 reichsmark, to 10, 100, a million, a billion, a trillion, and a quadrillion—and that was the end.

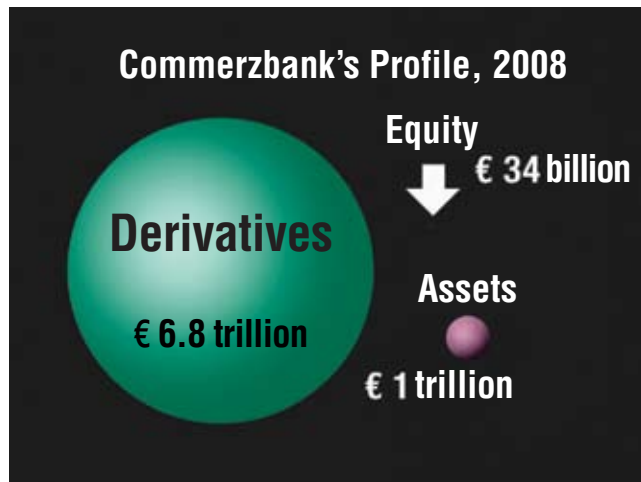
You've all seen such paper money belonging to your parents or grandparents, and how really absurd it was.

By the end of November 1923, people had to bring money in a wheelbarrow when they went to the bakery. At the end of the money-printing period, such an enormous amount was being printed, that by noon, a loaf of bread was more expensive than it had been in the morning. And then in November the end came, so absurd had it become. And then after that, people used the banknotes to wallpaper their living rooms, because it was cheaper than regular wallpaper. As I said, many people—including me—still own big wads of this money.

The problem being: The transition from deflation into hyperinflation can happen very, very quickly. Because when the real economy and production shrink,



FIGURE 3



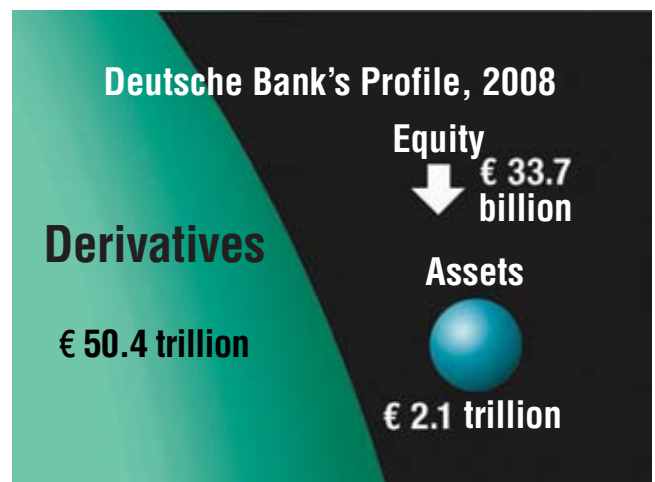
the first thing that naturally occurs, is a price war. And that's what we're seeing right now—for example, the price war between Aldi and Lidl and other chain stores, which, on a weekly basis, undercut each other with “final” price cuts. The cause of this, of course, is that whenever a market is shrinking, competitors attempt to grab a bigger portion of the market any way they can, and so they lower prices.

Now, that might somehow be very nice for the consumer in the short term; but of course, it has serious consequences in the real economy, as with the dairy farmers right now. We now have a situation where Europe's dairy farmers have been on strike for the past 11 days. Yesterday they held yet another *journée blanche* [white day]—i.e., a day when dairy farmers spilled 25 million liters of milk onto their fields, just yesterday alone. That was 80,000 farmers from eight countries—and for these farmers it is a battle for survival, because they require 42 cents per liter of milk, just to stay in business. And whenever the price falls below that, as it has now, to 22-27 cents, then it's only a matter of time before the farmers go bankrupt; and the reason we see this revolt now, is that they're saying, “We can't keep our farms going.”

Anyone can imagine what comes next: Once the cows are no longer there, because the farmers have gone bankrupt, there won't be any milk, either, and then once the shortage takes effect, the price of milk products will shoot up very quickly.

The same holds true, of course, for other firms, which are now selling off their inventory: Once production has shrunk, there will be shortages, and then people

FIGURE 4



will begin to hoard; and then you'll have precisely this flip from deflation into hyperinflation. And that is a situation which can emerge very rapidly. It can develop within a very short time, possibly before the end of this year.

### Break with Globalization

That means that our only true chance of preventing a slide into chaos, into an out-of-control situation, is what Lyndon LaRouche has been proposing for a long time now, namely a total break with the present monetarist system, the system of globalization, and replacing it with a credit system.

Let us recall that since 2007, the United States alone pumped \$23 trillion of bailout money into the system. The United States, but also Great Britain and other states, have enormous national debts, which is part of this hyperinflationary bubble. And that means that as long as they attempt to refinance this toxic financial waste—nobody knows the exact amount, but it's estimated to be at least \$800 trillion—that's unimaginably big! ([The late French President François] Mitterrand's former advisor Jacques Attali once set the grand total of derivatives at \$1.4 quadrillion.) And as long as they try to keep on refinancing this toxic waste, there won't be any solution [Figures 3 and 4].

Our only chance is if we immediately make the shift to a credit system—i.e., the Glass-Steagall standard, which Roosevelt introduced in the 1930s, which strictly walls off chartered banks from investment banks, and which prohibits the chartered banks—savings banks, credit unions, co-operative banks—from going into

high-risk speculation, and which puts these chartered banks under state protection.

That means that we need immediate intervention into areas where the state must protect the property and livelihood of the general population, by setting the simple ground-rule: Everything that is honest investment—personal savings, pensions, wages, credit for small businesses—must be honored, whereas we need to completely eliminate all monetarist speculation.

Any toxic waste on the books must be wiped out without compensation. Some people will lose virtual money on that, but if we have hyperinflation, then everyone's going to lose everything, anyway. If we learned anything at all from 1923, when people thought they had 10,000 reichsmarks in their savings accounts—but when a single loaf of bread cost 10,000 reichsmarks, their entire life savings were wiped out.

So, when people are saying that it won't work, and that you have to defend this toxic waste—it's simply not true.

The only way that exists for protecting the population, is a transition to a credit system. And then, a global system of fixed exchange rates between sovereign states must be immediately agreed upon: Each country must have a national bank in the tradition of the American System, based on the policies of Alexander Hamilton, the first U.S. Treasury Secretary. This policy was reintroduced by Lincoln; it was revived by Roosevelt, and it's essentially the idea that only the sovereign state has the right to create credit. Private or independent central banks have no right to create money—only the state may do this. That was the way Roosevelt led America out of the Great Depression in the 1930s.

And if Obama wants to salvage his Presidency, then he's going to have to return to this tradition; and then the world's four most powerful nations—the United States, Russia, China, and India—will have to cooperate in putting a new financial architecture onto the agenda. And then Germany and other sovereign nations can align themselves with this new grouping.

This is not all that unusual in Germany's history: Germany's reconstruction after 1945, for example, was based on precisely these principles. The Kreditanstalt für Wiederaufbau, which, along with the Marshall Plan, was responsible for most of the reconstruction, was based on the model of the Roosevelt-era Reconstruction Finance Corporation—i.e., it utilized precisely the same mechanism, such that a national bank issued credit which was exclusively delimited to the general welfare,

for scientific and technological progress, and for increases in productivity. And with this method, within a few short years, Germany was built up from a rubble-field into the country admired the world 'round as the "economic miracle." And that is a successful model with which we in Germany have proven that it can be done. And we can do it again.

### **Wilhelm von Kardorff**

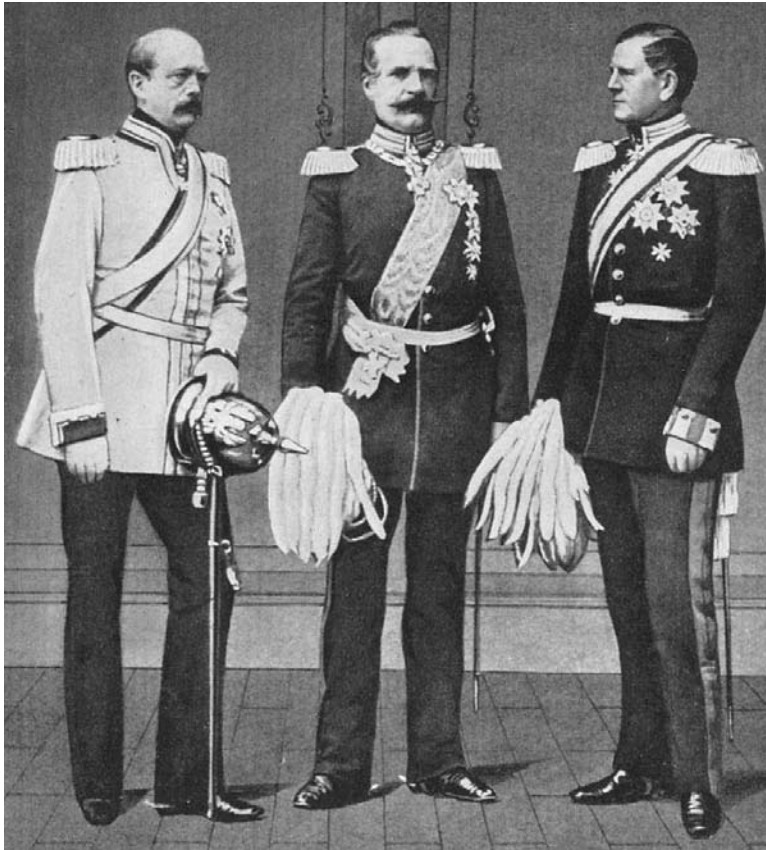
Now, I can hear cries of protest from all those who believe in globalization and in the so-called free market economy, because I'm daring to challenge the sacred cow of independent central banks. The problem with these people, is that they don't know Germany's history. Because the answer to how Germany, in the late 19th Century, could develop from a feudal state into a modern industrial nation, is intimately tied up with this American System.

Until 1879, when Bismarck carried out his industrial reforms, Germany was essentially a feudal state, which had been supporting free-trade methods. It was only through Bismarck's encounter with the theories of Henry C. Carey, Lincoln's economic advisor, that it was possible for him to make the transition from a feudal state into an industrial nation.

Wilhelm von Kardorff had an extremely important role in this transition. At the time, he was a member of the Reichstag, and had close ties with Bleichröder, Bismarck's private banker, with whom he created the Preussische Hypothekenbank (Prussian Mortgage Bank), and founded the Central Association of German Industry—he was practically the first president of what today would be the Federation of German Industry (BDI) or the German Conference of Chambers of Commerce (DIHT), the leading industrial association.

Kardorff offered Bismarck the following advice:

I too was once very naive, when I was still in university studying Adam Smith, Ricardo, and Stuart Mill; when answering exam questions, I thought I knew which financial and trade policies a state should pursue, to enable its members to achieve, to an outstanding degree, that mastery over the gratuitous forces of nature on which national wealth relies. At that time I was a Manchester man of the first water. I was convinced that it was free trade that gave England its superior wealth. That was my rock-hard opinion. There was a simple rule: Buy as cheaply as you



*Otto von Bismarck (center) with Albrecht von Roonz (left) and Helmuth von Moltke (the elder)—the three leaders of Prussia in the 1860s. Bismarck became Chancellor of the North German Confederation in 1867. By 1882, he had ditched the British free-trade policy, in favor of the American System.*

can, no matter where and from whom, and sell as dearly as possible, no matter where and to whom it goes.

I considered the abolition of tariffs as a progressive step for culture in general, and as a sure source of enrichment. I perceived tariffs as injurious hindrances, and as unjust preferential treatment for particular branches of industry, as a superfluous paternalistic curb on the free development of the nation's forces.

On the BüSo website and in *Neue Solidarität*, you can find a lengthy article on the relationship between von Kardorff and Bismarck,<sup>4</sup> and when I did the his-

4. Helga Zepp-LaRouche, "Die amerikanischen Wurzeln der industriellen Revolution in Deutschland, *Neue Solidarität*, Nr. 33-34/2008; English translation in *EIR*, Sept. 12, 2008, "The American Roots of Germany's Industrial Revolution," [http://www.larouchepub.com/eiw/public/2008/2008\\_30-39/2008-37/pdf/38-55\\_3536.pdf](http://www.larouchepub.com/eiw/public/2008/2008_30-39/2008-37/pdf/38-55_3536.pdf)

torical research for that article, I looked at about 20 biographies of Bismarck, and I couldn't find a single mention of this, even though it was in fact the most important influence.

#### *Von Kardorff:*

I got to know an educated American in the sauna at the spa, who explained to me that Manchester free-trade theories were the biggest swindle that had ever been concocted, to deceive mankind. We were talking about the American Civil War. Naturally I had no sympathy for slavery, but I did think that if the North were to win, this would mean the victory of protectionism over free-trade policy, and that this would be bad. To which that American replied, that he would not wish for Germany ever to experience what the practical implementation of radical free trade would mean. Then he asked whether I had read Carey's writings. Carey? A little later I met Mr. Ziegler from the German Progress Party, who asked me the same question: "Are you familiar with Carey?"

So, as I said, Carey was President Lincoln's most important economist. He continued the tradition of Friedrich List,<sup>5</sup> the father of the German Tariff Union, who had also promoted the protectionist system, and who had spent a number of years in America, where in his writings on *National Economy*, he made the very, very important distinction between the British System and the American System.

The American System is based on protectionism—i.e., the idea that one must first have a vigorous domestic economy—which is in contrast to the idea of free trade, where the only rule is: Buy cheap and sell dear, so that it's the middleman who makes the profit.

*Von Kardorff:* Then a friend made the following argument: If free-trade theory were correct, then all protectionist countries would be poor and all free-trade countries would be rich. A precise ex-

5. See Friedrich List, *Outlines of American Political Economy/Grundriss der amerikanischen politischen Ökonomie*, bilingual edition (Wiesbaden: Dr. Böttiger Verlags-GmbH, 1996).





*Mathew Carey (1760-1839) was one of the principal economists of the American System of political economy. He was also the father of Henry Carey.*



*Henry C. Carey (1793-1879), President Lincoln's economic advisor, inspired the German economists whose influence on Chancellor von Bismarck turned Germany into an industrial powerhouse.*

amination of the situation in all countries throughout the world shows that just the opposite is the case. The free-trade countries are becoming impoverished, all protectionist countries are flourishing—so there must be a miscalculation in the model of free-trade theory.

The whole system of the Manchester School is based on the fiction that all peoples of the Earth are a common family and have a common interest. A fiction quite similar to the theory of a universal, eternal peace. And it is striking, that the apostles of the Manchester School are also supporters of the International League, or also of Kant's Perpetual Peace, which is based on the same idea.

Kardorff formulated these ideas in a very nice little book which I recommend you all read. It's titled *Gegen den Strom* [Against the Current], where he describes how he was converted from a convinced free trader into a proponent of the American System and protectionism. And if you read it—here I've just given you a few samples—everything he says is true of globalization today. Under the system of globalization, people, or nations which have subjected themselves to it, or which have been subjected to it against their free will, have invariably become poorer.

Why are a billion people starving today, and why are 2 billion people in extreme poverty, in this system of globalization? Why is only one-third of humanity

relatively well off, and of them, only a billion are living really good lives? It certainly can't be that a system of a few thousand billionaires, a few million millionaires, but 4 billion people living in poverty, can be productive! But that's precisely the system we have.

*Von Kardorff:* Therefore, we do England a service, if we protect ourselves from becoming victims of this trade policy, which has made England itself so very ill, and instead conduct a trade policy suited to our own requirements, so that we can take care of ourselves. Carey's felicitous writings, whose study I cannot recommend highly enough, treat questions that, in my view, are matters of life and death for the German Reich.

### Chancellor Otto von Bismarck

As I was saying, it was this Wilhelm von Kardorff who convinced Bismarck. But even when we hear Bismarck speaking for himself, from his own writings, an enormous surprise leaps out at us. In his June 14, 1882 disputation with Member of Parliament Ludwig Bamberger, who is known as the Father of the German Mark, and who advised Bismarck during the Franco-Prussian War, but who later became an advocate of Manchester capitalism, Bismarck said the following:

Free trade is, in my opinion, wrong.

This is all from Bismarck!

My policy goes beyond the next election; if I'd had to limit myself to that, if I'd had to be afraid of the results of the next election, then I wouldn't have ever gotten into politics.

Today's politicians, take note!

I enjoy learning new things, and I greatly enjoy learning from Representative Bamberger. I don't claim I've learned everything, but we didn't get our protective tariff from nowhere [certainly not from France—HZL]. Under Frederick the Great, we had it to a very high degree; we had it during the time of the old Customs Union—the tradi-



*Painting of Chancellor von Bismarck in 1890, the year he was ousted from government due to British manipulations of the Kaiser. He died soon after. The artist is Franz von Lenbach.*

tion which people like so much to harken back to—three times higher, and the attempt to disassociate us from it now, is quite a new experiment, which had its beginnings 15 or 20 years ago, and which has not served us well, because it has brought us to the verge of death by starvation and wasting away. Every country that has protective tariffs is enjoying a certain degree of prosperity; and even France, which for centuries, since Colbert, has been suffering from this supposedly starvation-inducing condition—we find that it prospers.

Two of Bismarck's personal friends—his former school chum John Northrop Motley, who later became [American] ambassador in Vienna, and George Bancroft, an important American historian who was later Ambassador in Berlin—kept Bismarck excellently informed about the economic system in America, about the progress of the Civil War—he took an important stand on that—and also, of course, on the 1876 U.S.

Centennial International Exhibition, where America actually had the most developed industry.

*Bismarck:* England had the highest protective tariffs until, under their protection, it grew so strong that it then stepped forth as a herculean fighter, and challenged everyone else: “Step into the ring with me.” It is the strongest fist-fighter in the competitive arena; it will always be ready to accept the law of the strongest in trade matters. But the law of the strongest is dictated by free trade, and England, by virtue of its capital, and its stockpiles of iron and coal, and its ports, has become the strongest in the free-trade law of the fist—but not merely by virtue of its geographic location, but rather solely because it maintained completely exorbitant protective tariffs, up until the point when its industry had been fully strengthened. And now it is strong enough, and is telling everyone else: “Come along, now, and spar with us freely; you won’t be stupid enough to sacrifice your money for our products.”

The magical word “freedom” is associated with a rallying call upon British superiority; and with this mask, our freedom fanatics are being lured into starvation and looting by foreign trade. For a long time, I did not have an opportunity to deal with this issue in greater depth—and I don’t have any more insight than anyone else. Back then, I had other things to do, and I followed others’ advice, until I was forced by Minister [Rudolf von] Dellbrück’s resignation to deal with the question myself; and then I discovered that I had been mistaken. But of course that wasn’t my main job.

I would bet that most Germans who love or cherish Bismarck, or who are convinced of Bismarck’s importance as the founder of the German state, don’t know about this. And I also truly believe that the reason that Germany’s industry today is based on free trade—look at the World Trade Organization, the Doha Round, which wants to abolish the last remnants of protective tariffs—is tied to the fact that the 500 most important corporations in Germany are, of course, reaping a profit, since they are positioned as the middleman, so that they virtually control trade, and of course export products; but they have never truly understood that the same

things that Bismarck discovered to be correct back then, would make Germany much, much stronger today, by strengthening the domestic market, by increasing people's purchasing power—that this is just as true today. And I think it's an important point to make, that we really must make others aware of these theories, especially in Germany's small and medium-sized firms, which won't stand a chance without these ideas.

Bismarck had precise knowledge about Great Britain, the British Empire, and not only about Britain's economic policies. Rather, he understood the nature of its underlying conflict with America, which had wrested its independence from the British Empire during its War of Independence; he understood England's role in the Seven Years War, and he warned that a new "Seven Years War" was imminent. That was a prophetic forecast—that there would be a first world war—and that was the reason why the anglophile factions in Germany pushed for firing Bismarck in 1890—which, in turn, set the stage for World War I, since no one but Bismarck understood the significance of the Reinsurance Treaty with Russia, along with the entire complex diplomatic meshwork which he had built up around it.

At the time, just as today, Germany had virtually no raw materials, but despite this, it emerged as a leading industrial nation, thanks in no small part to Bismarck's reforms, since they involved a high rate of scientific and economic progress, protectionism, and social-welfare laws which backed workers' and employees' interests in a way that became an example for the rest of the world to follow.

And today, we are about to lose all of that. And that is why, even if it's not customary, it's extremely important that we recall Bismarck's accomplishments.

## Wilhelm Lautenbach

I would now like to remind you of another period of our history, when these same principles were under discussion.



*Wilhelm Lautenbach's economic and financial proposals would have prevented Hitler's rise to power.*

A couple of years ago, Professor [Herbert] Giersch, the former head of the World Economic Institute in Kiel, wrote a newspaper article<sup>6</sup> which is particularly interesting, regarding the then-ongoing dispute in Germany between the various schools of economists: on the one side, the "ordoliberal"<sup>7</sup> economists, among whom Giersch counts himself, basing themselves on such people as [Walter] Eucken, and who, in the traditional way, say, in effect, that the state possesses tools which it must use to guide the economy into a specific direction—in complete opposition to the macro-economists, who are exclusively based on the Anglo-American system, on people like Larry Summers and Bernanke. The latter primarily dwell in Frank-

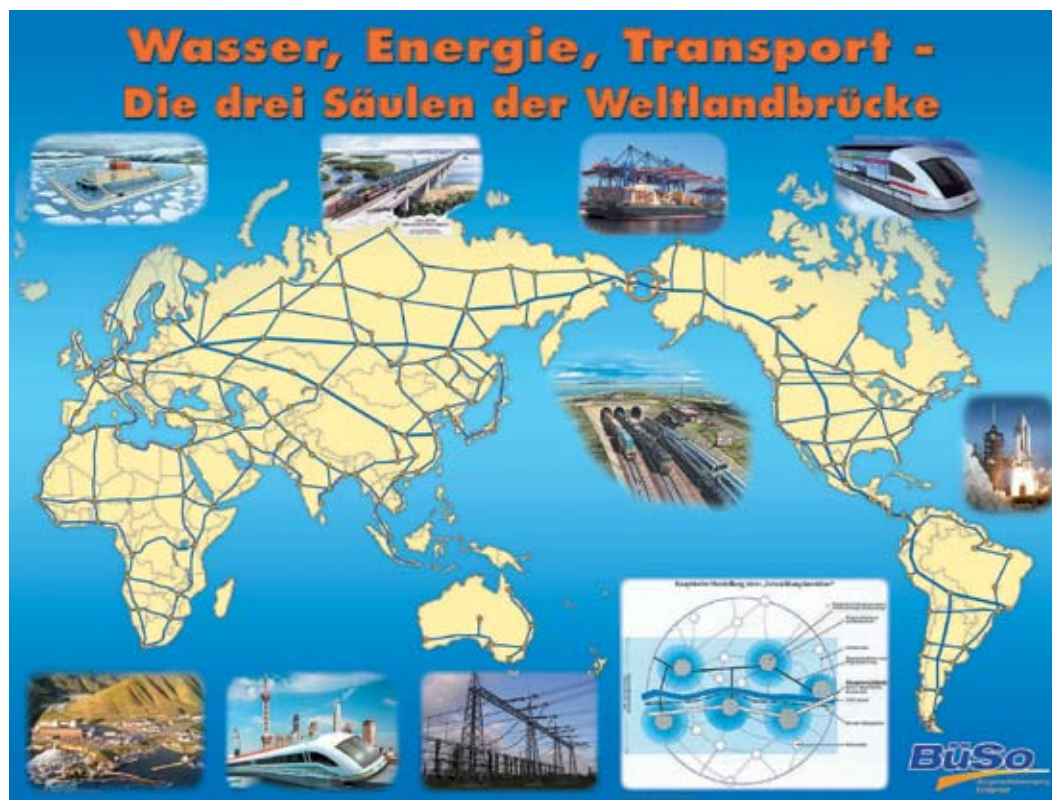
furt, including Profs. [Roman] Inderst, [Frank] Siegmann, and [Stefan] Gerlach, are essentially financed by the banks, and calculate the economy's course according to purely mathematical computer models. And for some months now, a total war has been raging between these two schools, whereby the more honest of the two, the ordoliberals, admit that the entire guild of economists has been a failure, because not a single one of them was able to correctly forecast the crisis.

*Giersch:* Seventy years ago, when the worldwide economic crisis erupted, a group of noted economists of various persuasions, including Wagemann, Woytinsky, Baade, Lautenbach, Lombard, Loewe, and Lederer, sought to build enthusiasm among the political class and in public opinion, for its policy of active government expenditures. Quite probably that could

6. *Welt am Sonntag*, Nov. 24, 2002.

7. Ordoliberalism is a school of liberal economics, centered in Germany and Austria, which stresses the role of the state in ensuring the proper functioning of the free market. The name was coined in the 1950s from the economics journal *ORDO*.





BüSo

*This election campaign poster issued by the Büso depicts the proposed World Land-Bridge, connecting virtually every continent by rail. The headline reads: "Water, Energy, Transport: The Three Pillars of the World Land-Bridge."*

have cost the National Socialists their victory in the Summer of 1932.

That's truly incredible, because this is a point which we have been making for a long time now, namely that if the plans which I will now briefly sketch out for you had been implemented in Germany in the 1930s—in effect, Roosevelt's policies—Hitler would have been prevented. And that is extremely important—particularly the fact that the former head of the Kiel World Economic Institute makes the point that there has been no debate in Germany on this—neither in the Social Democratic Party, nor in the trade unions. And there can't be a more timely question than this!

In the early 1930s, there was an economist, Dr. Wilhelm Lautenbach,<sup>8</sup> working in the Economics Ministry,

8. See articles in *EIR*: "The Lautenbach Plan for Economic Recovery," speech by Helga Zepp-LaRouche, March 20, 1998, [http://larouchepub.com/hzl/1998/2512\\_lautenbach\\_plan.html](http://larouchepub.com/hzl/1998/2512_lautenbach_plan.html); "Germany and the Lautenbach Plan: Can We Learn From History?," speech by Helga Zepp-LaRouche, Dec. 27, 2002, <http://larouchepub.com/hzl/2002/2950lautenbach.html>; "The Lautenbach Plan and Its Consequences," speech by Helga Zepp-LaRouche, Jan. 10, 2003, <http://larouchepub.com>.

who proposed the plan named after him, and who said, in effect, that in 1931, when you had the double conditions of a depression and a global economic crisis, that normal economic measures would no longer have any effect.

That's the same as what we have now, because they can pump in as much money as they like, but when people fear for the future, or fear for the present, they're not going to purchase anything—and that's a situation in which, as Lautenbach says, you can only get out of the crisis by issuing state credit, and investing into sectors which one would invest in even if the economy were going well.

*Lautenbach:* The natural course for overcoming economic and financial emergency," is "not to limit economic activity, but to increase it, For, at this very moment, we have the paradoxical situation, that, despite the fact that we have made

[com/eiw/public/2003/eirv30/eirv30n01.pdf](http://com/eiw/public/2003/eirv30/eirv30n01.pdf); "Wilhelm Lautenbach's Concept of Productive Credit Creation," April 18, 2003, <http://larouchepub.com/eiw/public/2003/eirv30/eirv30n15.pdf>.

extraordinary cuts in production, demand is still continually lagging behind supply. And thus, we have chronic production surpluses, which we don't know what to do with. The task of finding some way to turn these surpluses into things of value, is the real, and most urgent problem for our economic policy to solve; and, in principle, it is relatively simple to do that: Surpluses of physical goods, unutilized productive plant, and unutilized labor power can be applied toward meeting a new economic need which, from an economic standpoint, represents a capital investment. We can conceive of such tasks, as . . . public works, or works carried out with public backing, which for the economy would mean an increase in our national wealth, and which would have to be done anyway, once normal conditions returned.

That's the same situation we have today. In Germany today, we have an underinvestment of EU1 trillion, at least. These are figures from the German Institute for Urbanistics: There is EU600 billion in underinvestment in counties and municipalities, and a comparable amount on the Federal level. And that is simply a situation where the state must make credit available for well-defined projects—that is, *after* we've gotten rid of the toxic financial waste!

We are not, of course, proposing merely a domestic investment program. Since we're dealing with a world economic crisis, what we're proposing, is that the world's nations—in Eurasia, but also extending into Africa and Latin America—agree upon an investment program in infrastructure, and in other areas of the general welfare, to get ourselves out of the present situation. And there's really no good reason why we can't put the reconstruction of the world's economy onto the agenda.

*Lautenbach:* With such an investment and credit policy, the imbalance between supply and demand on the domestic market will be remedied, and all production will once again be given a direction and a goal. If, however, we fail to institute such a policy, we are headed for inevitable, continued further collapse, and the complete gutting of our national economy, moving into a situation that will force us, in order to avert a domestic catastrophe, into taking on short-term

public debt purely for purposes of consumption; whereas today, it is still within our power, to preempt this credit for productive purposes, and thereby to bring both our economy and our public finances back into balance.

I.e., he pronounced an extremely clear warning against austerity measures, and demonstrated a down-right visionary ability to see the looming danger posed by the Nazis. And the same thing—exactly the same thing—goes for the idea today of building up the International Monetary Fund as a supranational institution which could then implement austerity measures and lower people's living standards everywhere.

"This would really mean," Lautenbach said, "committing suicide out of fear of death. Because a deflationary policy would destroy more than we have paid in reparations for the past 20 years. The republic and the republican parties are ready to sacrifice everything for the state and the republic, but they will be obliged by the government's deflationary policy to work for Hitler. No government can stay in power durably when 95% of the population has turned against it. And because it perceives that their real and not only apparent interests have been harmed. The emergency decrees will bring Hitler to a violent approach. The political fight will not work as such. Those who want to fight Hitler, must fight the deflationary policy. There's a kind of blindness over all of Germany, on the part of the trade unions, the employers, and you can say here again, those whom the gods want to destroy, they first make mad."

### Wladimir Woytinsky

Sadly, sadly, this quote from Lautenbach absolutely fits today's situation, down to the detail. If you look at our parties, our trade unions, our press, our news media, this madness is endemic. And it's tremendously important that Dr. Lautenbach, an economist in the Economics Ministry, was not alone in thinking along those lines, but that similar thoughts and plans were being considered by the General German Trade Union Federation [ADBFG]—the so-called "WTB Plan," named after [Wladimir] Woytinsky, [Fritz] Tarnow, and [Fritz] Baade.<sup>9</sup> Woytinsky was an economist who originally

9. See articles in *EIR*, April 11, 1997: "How the German Trade Unions Could Have Stopped Hitler," "Wladimir Woytinsky, Revolutionary," and a speech and an article by Woytinsky from 1932.

came from St. Petersburg, and who presented a similar plan.

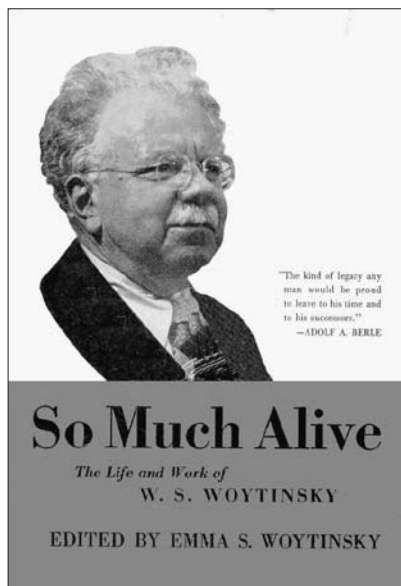
*Woytinsky:* Labor organizations that rely on the self-healing forces of the capitalist economic order, run the risk of slowly bleeding to death. For some years now, Germany's working people have been waging a difficult, defensive struggle, and the worse the crisis becomes, the more unfavorable the conditions will become under which that fight is waged. Our labor organizations have lost their freedom to maneuver; no longer can they choose either the time or the objective of their conflict with the adversary. They are forced, each time, to fight whenever and wherever it best suits the other side.... Concerted, far-reaching measures to revive the economy have never been more necessary than they are in the present situation.

It became clear to them that the world economic crisis would have to be fought on an international level, and that Germany would therefore have a special role to play.

All nations are suffering because the world economy is sick. Therefore they must all concentrate their powers upon taking joint action to overcome the world crisis.

No country is... harder hit by the worldwide crisis, than Germany is; and within Germany, working people are the class that suffers most from the economic depression. In keeping with this, it is Germany which must take the initiative in forceful international policy to combat the world crisis, and the German working class (trade unions and Social Democracy) must claim and assume the role of conveyor of the idea of an activist world economic policy.

I'm afraid people in the trade unions aren't thinking like that today. But I think it would be absolutely necessary that they do so, because Germany is feeling the



*German labor leader and economist Wladimir Woytinsky called on working people to support a policy of national credit creation, to get out of the Depression.*

brunt of the economic crisis more than other countries. And therefore, Germany must work toward not permitting the costs of this crisis to be loaded onto the backs of the population, in favor of the financial interests. If that is not done, a new catastrophe is in the offing, just as it was back then.

We certainly won't have an exact replay of history—no new Hitler, Obama's special mustache notwithstanding. But what we are faced with, is the threat of a worldwide collapse, a plunge into chaos, and Hjalmar Schacht-type policies which would mean a brutal lowering of the population's living standard.

### What We Must Do Now

Therefore, even after the elections are over, regardless of what the new government will look like, and regardless of the BüSo's own election results, it will be important that we now position ourselves such that Germany will be counted among the forces that set into motion the transition into a credit system. That means, of course, that we in Germany must regain sovereign control over our own currency—and that is not possible with the euro, and it isn't possible with the European Central Bank.

A document was recently released in Great Britain, dating from the time of German reunification, which, according to official British documents, proves that Margaret Thatcher and Mitterrand were livid in their hatred of Germany. Apparently the British diplomats in the Foreign Office were not in agreement with this, but Margaret Thatcher had her own personal position, and Mitterrand even threatened a revival of the Triple Entente—i.e., the alliance of France, Russia, and England against Germany—if reunification occurred, whereby Mitterrand, as is well known, demanded that Germany renounce the deutschemark and surrender to the euro, as its price for reunification.

Jacques Attali, Mitterrand's former advisor, wrote an article this past July, in which he disputes the assertion that the German Democratic Republic played any role in the fall of the Wall. He says it was all because of





*The model for Europe is not a supranational European Union run by the City of London, but the alliance of sovereign nation-states concluded by French President Charles de Gaulle (left) and German Chancellor Konrad Adenauer. They are shown here in Bonn in 1961, where they signed a treaty that reconciled the two nations after the horrors of war.*

Gorbachov that the borders of Hungary and Czechoslovakia had already been opened since the Summer [of 1989]; that Nov. 9 [the fall of the Wall] didn't have anything to do with it, and that the Europeans had paid the costs of reunification. That is incredible, because ever since the introduction of the euro in Germany, it has been Germany which has been, in effect, financing the so-called catch-up states with its export revenues, while in Germany itself, purchasing power and wages have been sinking ever since we've had the euro, and we haven't been able to develop a strong domestic market.

We can draw only one conclusion from this: If even British official documents admit that the euro was the result of Thatcher's and Mitterrand's germanophobia, then this provides the basis in international law for abrogating the Maastricht Treaty, and for returning to a Europe as it was before the Maastricht Treaty. That's going to come up on the agenda one way or another, because the European Monetary Union is not going to be able to withstand the coming financial storms, and remaining in the Stability Pact would mean that the German government will be completely unable to formulate a program for overcoming the crisis.

## The Common Aims of Mankind

What I'm stating here, does not indicate any anti-European sentiment on my part. It is not directed against the idea of Europe. Rather, I want Europe to collaborate in the spirit of Adenauer and de Gaulle, and I want us to commit ourselves to the common aims of mankind—and that is quite possible with sovereign republics cooperating together. And in conclusion, I would like, perhaps only very briefly, to name some of these aims of mankind which we must concentrate on.

They include the absolutely urgent, and indeed indispensable task of Europe becoming truly committed to overcoming colonialism in Africa, and to the true development of Africa. It would be so easy to liberate the African continent from its current predicament

within a few short years, and to develop real industry, agriculture, cities, and the like there.

Another goal for the common aims of mankind would be, reactivating Europe's Classical tradition in science and culture, as a contribution to the development of humanity as a whole. And I don't mean this in the sense of Eurocentrism or colonialism, but rather by making the discovery of universal principles in art and science available to the whole world.

Yet another aim, in which Germany and Europe can play a crucially important role, would be the dialog among cultures, in the tradition of Nicolaus of Cusa, similar to how he laid this out in his essay "De Pace Fidei"<sup>10</sup> ("On the Peace of Faith"), based on the ideals of the Peace of Westphalia—i.e., that in any peaceful system, a nation must consider the advantage of the Other, if it is to be the basis of all international law.

What is required for this to occur, is a passionate love of the idea of the community of nations, i.e., the development of all nations on this planet, such as it was

10. *Toward a New Council of Florence: 'On the Peace of Faith' and Other Works by Nicolaus of Cusa*, William F. Wertz, Jr., trans. (Washington, D.C.: Schiller Institute, 1993).



LaRouche PAC, <http://larouchepac.com/lpactv?nid=11573>

*"I think, we have to raise our eyes to the stars," Mrs. Zepp-LaRouche said, "and truly understand that we stand at the very threshold of great discoveries by humanity. There are no limits to growth—only those limits which man imposes upon himself." Here, a shot from LPACTV's new video on the space program and the "new economics."*

formulated back in 1967 by Pope Paul VI, in his encyclical *Populorum Progressio*: that humanity's survival will only be possible if all peoples on this planet are allowed to develop, that the elimination of hunger within one to two years is placed on the agenda—because it's absolutely possible to eliminate poverty for all people on this planet within a generation at most.

Amid this great crisis, we must resolve to initiate a truly new epoch of humanity, one which would mean, for example, universal education for all the world's children, young people, and adults. That means a new renaissance, which would accomplish the equivalent of what the 15th Century set into motion following the 14th-Century dark age.

The 14th Century was in many respects a parallel situation to what we are threatened with today. Two-thirds of the entire human population perished from the

black plague, from poverty, from superstition, from every conceivable disease. And how did Germany, how did Italy, how did Europe get from the 14th into the 15th Century? Through the Italian Golden Renaissance! That's an example which we must take as our model, so that today we truly make use of the entire treasury of knowledge of universal history, in order to defeat the age of oligarchism once and for all.

We need a new motor for the economy, and the best sector where that can be set into motion, is by opening a new chapter in the history of space travel, so that mankind will finally grow into adulthood, by means of what our dear friend Krafft Ehricke, the great scientist who collaborated on the Apollo program, once termed the extraterrestrial imperative—that the natural consequence of evolution will be space travel—i.e., that we unite modern science with the aesthetic education of man.

*[Video clip on space travel and the development of Mars.]*

As this astronaut said: Everything looks fantastic from up here. And therefore, I think, we have to raise our eyes to the stars, and truly understand that we stand at the very threshold of great discoveries by humanity. There are no limits to growth—only those limits which man imposes upon himself.

And so, we have the most important election on Sept. 27, and after this will come storms which we only have a certain glimmering of at present. But I can only ask all of you: Help us, not only to bring the BüSo into the Bundestag, but to build it into a movement in Germany that is able to bring Germany into its role in the world, into a positive alliance with other powers for overcoming the crisis—and, especially, for giving Germany back its soul.