

LAROUCHE TO PARIS CONFERENCE

A Global Glass-Steagall As the Basis for Optimism

Here is Lyndon LaRouche's June 13 address, via electronic hookup, to the General Assembly in Paris, of Solidarité et Progrès, the French political party led by longtime LaRouche associate Jacques Cheminade.

One of the most vulnerable areas for a general collapse of the financial systems, is Europe, in particular. But no part of the world is invulnerable. The greatest risk is on the trans-Atlantic side. The greatest risk on the trans-Atlantic side right now is in Western and Central Europe; but, if Western and Central Europe go down, then, pretty soon, the entirety of the Asian side will also go down. And in that process somewhere, the whole world will go down.

And this is not something in the distant future: This is the currently potential situation.

Now, as I have said on a number of occasions, the great mistake in most political thinking about economy, about similar kinds of things, in the general environment, is that people tend to believe that history is driven by events. And history is *never* driven by events. History is driven by processes, which are in-process processes; and certain events may or may not happen in those processes, but the processes will continue. Events, major events, significant events are generated by history, not history by events!

And that, of course, is contrary to what most people believe. But what most people believe is wrong. And because they believe that sort of thing, is the reason that the entire world system has come to a point where it's in a process of a general breakdown crisis.

Now, I've been told that you would like to hear some optimistic messages. Well, that's very optimistic, because first of all, I've told you what will work, as opposed to what most people think will work, which will not work. I've also told you, why, implicitly, the world is on the verge of a general breakdown, while people outside will tell you the opposite: They'll tell you that the event is going to cause the breakdown, if it occurs. And I tell you, it is not the event that's going to cause the breakdown; it's the process; it's the existing policy of practice of nations.

Now, the key thing which describes this condition, is that the entire world is going through a process [similar to what happened] in Germany in 1923. The difference is that, in Germany in 1923, Germany itself was an isolated part of the world; not totally isolated, of course, but isolated in terms of being an occupied country, occupied by the Versailles Treaty organization. And so, these things were artificially imposed upon Germany, and there was nothing outside of Germany which could absorb the shock of what was happening in Germany, at



EIRNS/Julien Lemaître

The only thing that will keep the world from going into a general breakdown crisis, like that of the 14th-Century Dark Age, is the adoption of a Glass-Steagall credit system, Lyndon LaRouche stated. Shown (right): LaRouche addresses a seminar in Frankfurt, June 10; (above) the speakers panel at the Solidarité et Progrès conference June 13 (left to right): Bertrand Buisson, Benoit Chalifoux, Jean Robieux, Jacques Cheminade, Sébastien Drochon, Sébastien Périmony.

least not directly.

The difference today is, the entire world is now in the process of a general breakdown process, and we've reached the point where Europe, in particular, is the most important hot-point of a potential general breakdown which will spread to other parts of the world. Most probably, it would spread to the Americas, across the Atlantic, for various reasons, but it could also go in a different direction. But right now, we are in a condition where a general breakdown crisis of the entire planet, in a very rapid succession, is now presently inevitable, unless we make some changes in processes; not events, but processes, which prevent it.

The Turn to a Glass-Steagall Credit System

The only thing that will keep the world from going into a general breakdown crisis, which means, really, a New Dark Age, like the 14th-Century Dark Age, but longer, and with longer effect—the only thing that can prevent it, is to take what we're trying to do in the United States, which is to turn to a Glass-Steagall credit system.

Now, there are some people in Europe who will say, and tell you, and the word is going around, that Europe does not need a Glass-Steagall system, because Europe



videograb/BüSo/Stefan Tolkdorf

is not like the United States. That is idiocy! Because Europe, for example, does depend upon the United States, whether it knows it or not. But in this case, in the United States, a Glass-Steagall reform would eliminate masses of worthless debt of the class that goes into speculative debt. In other words, financial derivatives and similar kinds of things.

And if we do that in the United States, if we put through a Glass-Steagall reform, this will wipe out trillions of dollars of worthless paper. But wiping out trillions of dollars of worthless paper and discontinuing the authority of certain kinds of banks, the speculative banks, would mean that we will be able to save the U.S. economy, at least within the United States.

Europe has the same disease as the United States. So therefore, if Europe does not adopt a Glass-Steagall type reform, Europe is doomed. Especially Western Europe, because the euro system is now the focal point of the collapse of civilization. Now, in Europe the reac-



U.S. Army Corps of Engineers

We have to save the real economy, LaRouche urged; we have to create productive jobs for people, who are now unemployed. Shown: a construction crew at Grand Traverse Bay, Mich. prepares to install a dredge pipe.

tion is, of course, that, “Well, we don’t need a U.S. reform.” Without the Glass-Steagall standard, there’s no way that Europe can get out of this financial crash, which is going to bankrupt Europe. You have to cancel the accounts, which are speculative accounts, which do not qualify as Glass-Steagall accounts. Because if you don’t cancel these accounts, Europe is doomed.

Now, Europeans are still resisting the idea. Financial speculators would be hurt, naturally, because their wealth is based on worthless paper. But if you insist on preserving a large part of the worthless paper, then the doom of your nation is inevitable, and it’s an early doom. Only by eliminating worthless paper, that is, these financial derivatives, these kinds of things, only by eliminating them from the system—they can go off by themselves in some corner and try to play games, like the game of Monopoly; you know, the board game of Monopoly, but in the banking system, where the banking system functions, where the economy functions, the real economy, you must eliminate *all non-Glass-Steagall qualified accounts*.

If you do that, you’re not going to hurt the economy, because the people who don’t want this to happen, are people who are heavily invested in these financial speculation accounts, like financial derivatives. Therefore,

they don’t want to sacrifice, but they’re the ones who’ve been on the side of the bloodsuckers. We have to stop the bloodsucking. We have to save the real economy. We have to save the infrastructure, the agriculture, the industrial production. We have to create productive jobs for people, who are now unemployed at a greater rate. We have to protect people in their insurance rights, that is, the protection for their retirement and so forth.

Get Out of the Euro System, Fast!

So therefore, we have to purge all of these nonsense accounts. We can not say, “Well, we have to share the poverty, we can not wipe out the derivatives all at once.” But if you don’t, if you’re not willing to wipe out the derivatives, you’re going to lose your country. If Europe doesn’t want to get rid of the derivatives, it’s going to

lose itself. And we are at a point right now, where Europe will go into a chain-reaction collapse, very easily, because the euro is an incompetent system. It’s the kind of boat which has more leaks than it has hull.

So you’ve got to get out of the euro system *fast*, because under the present euro system, which is a British-designed system, there’s no chance that Europe will continue to exist in a safe form, with sovereign nation-states within it, over either this month or next month. We’re at that point, where this month, or next month, Western and Central Europe could go down in a chain-reaction collapse!

Now, what I’m saying to you is quite optimistic, because there is an alternative. If we take the correct alternative, we can come out of this alive. Unfortunately, for you, in Europe, unless the United States takes the leadership in doing just this, it won’t work: The bailout will not work.

What has to happen, is the United States, first of all, has to put this current President, Obama, out of office, because he is a British agent. He’s not a loyal American; he’s a British agent; he’s an outsider. And he will do nothing to protect the United States. If the United States goes down, the world goes down. So therefore, what we have to do, is simply act in the United States to

get rid of Obama, right away—put him out to pasture, put him into retirement; protect him, don't let anything happen to him. We don't want a scandal, we don't want any crisis of that type.

Then, we will have to go immediately to a Glass-Steagall act. Eighty percent of the adult population of the United States' citizens *want a Glass-Steagall reform now!* The members of Congress who are opposed to a Glass-Steagall—and there are not as many as you would think—but they are nonetheless voting against Glass-Steagall, because they are afraid, and because they have a tendency toward, you know, this kind of prostitution that's called parliamentarianism! And therefore, they will vote for things they know are wrong, because they want to be successful as parliamentarians in the club of parliamentarians. But that can be fixed. The majority of the people *don't want any more derivatives*. They don't want the present system. Eighty percent want Glass-Steagall.

Now, if Glass-Steagall is installed, it will happen in the following way: We're now in a year of new Federal elections in the United States. At this point already, in this month and next month, every member of Congress, who is running for office, will have to start their campaigns. In the Senate, one-third of the members are going to go out of office, automatically. They may be voted back in again, but they have to be re-elected, if they're going to be there.

On the other side, in the House of Representatives—a sort of National Assembly kind of thing—on that side, 100% of the Members of the Congress must run for re-election, or be replaced. Right now, the majority of the candidates who are incumbent candidates, who are already in the Congress, the House of Representatives, are going down, generally, especially Democrats. They are going down, rapidly, in each of the preliminary elections for running for office in the November elections.

So, 100% of the members of the House of Representatives are going to be replaced, over the course of the period between roughly now and November. At the same time, we have, as I said, 80% of the citizens out there, the ordinary citizens, want a Glass-Steagall reform, and anyone who goes against a Glass-Steagall reform, these people, in general—the voters are going



White House/Pete Souza

The United States has to fire President Obama; he is a British agent. Obama, shown here (left, front seat), being taken for a ride by BP, in Theodore, Ala., June 14.

to throw them out of office, right now.

So, you're in a situation, where we're on the edge, where the political situation means, we are about to have a Glass-Steagall bill thrust through the Congress. But it has to be done in time. Because, as I said, we're on the edge, in the month of June and July, where the threat of a general chain-reaction collapse of the entire trans-Atlantic economies spreading into Asia afterward, will occur. So we must have relief now. And that's what I'm working on.

If we do that, if we make this reform, we're going back to, in Europe, for example, sovereign nation-states: *No more euro*. The euro is unsustainable anyway. There's no way the euro system can remain. It's in a process of breakdown. It's going to disintegrate. Look at what the cases are: Greece—Greece has to get out of the euro system; it can not even be bailed out with the current debt. Spain, Portugal, Ireland, and so forth and so on, are all in the process of going down. So there is no euro organization, there is no European system that's going to survive, now!

But there are in Europe, nation-states, on continental Europe, nation-states, and they can be saved. And it's likely, of course, as some of you know, that some nations are going to pull out of the euro. Now, how they will pull out is not determined. One way—you'll decide you're going to do it, and you go by steps through about a 12-month period, before you complete the cycle to disengage entirely from the euro system. But that pro-



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We're going back to sovereign nation-states: No more euro. Greece, Spain, Portugal, Ireland, are all in the process of going down. Shown: Spanish truckers block a road near Seville, to protest rising fuel costs, June 10.

cess is going to happen, either by choice, by nations, by governments, or it's going to occur by default because of the collapse of governments. That's the situation.

The U.S.A.-Russia-China-India Alliance

Now, what do we do? In the United States, we have, potentially, provided we dump this President, who is a British agent, and therefore, he's not going to do anything for the United States, as the case of the Gulf oil crisis shows. But put him out of office; let the Vice President step in and become the President, and with the political pressure of the process, we can go for a Glass-Steagall reform.

Now, what do we do next? There's another angle. If the United States goes to a Glass-Steagall reform, it will tend to strengthen its relationship to China. Presently, the political relationship between China and the United States is good, is an option. Russia's relationship to the United States is not so good, financially, because it's tied to the British system, the Inter-Alpha banking system, and that's the worst part of the situation. India is its own country: If the United States and China agree on this equivalent of a Glass-Steagall type of reform, then India will certainly come in. And, under these conditions, with Russia facing the fact that the euro system—and also, the Inter-Alpha banking system—is going under, Russia has no choice but to join the United States, China, and India, with other nations, in initiating a general reform.

Now, the general reform has to occur in the following way: We have to cleanse the accounts of all nations in the reform. That is, you have to go for a Glass-Steagall-type of action, where you restore commercial banking on a stable basis, and you wipe out of the system, all these derivatives accounts, and similar kinds of accounts, and you just put them outside the system. Most of them will then collapse of their own weight. Under those conditions, then we have to have a treaty organization among nations, which is like a Glass-Steagall treaty organization. They may do it in a different way than Glass-Steagall as such, but it means the same thing in effect. That will bring the nations together.

Then, we have to create a new system of credit, and in creating a new system of credit, we have to go to a fixed-exchange-

rate system among the nations which participate in the reform. By going to a fixed-exchange-rate system, we can maintain basic borrowing costs in regular loans, of 1.5% or something like that at a base rate.

We can then, and must, adopt a perspective of about two generations, about 50 years, of rebuilding the world economy. The emphasis in the beginning, because we've destroyed so many industries and so much agriculture—the tendency will be to go to infrastructure programs. Like mass transportation, for example rail, maglev systems; improvements of water systems, as well as mass transportation; to a much expanded emphasis on nuclear power as a source of power; to improvements in municipal systems and so forth. The improvement in the area of basic economic infrastructure, will create a demand for production from industry.

But in this case, then, with the credit available, we can rebuild, or start new industries whose initial market will be to provide production of products and services in support of the large-scale infrastructure projects.

Charlemagne's Revolution

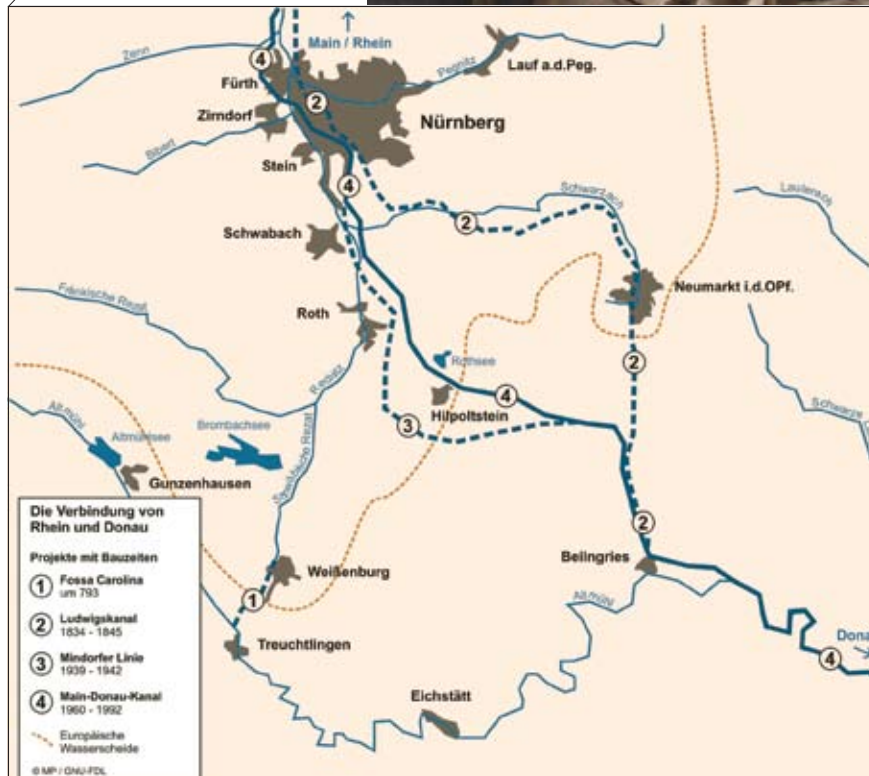
I'll give you an example of that, which I've given elsewhere. The history of Europe, since the Peloponnesian War, it started as a maritime system; that is, you had various ports and little countries on the coasts of the Mediterranean. And these countries, these little coastal countries would have trading relations; and what devel-

FIGURE 1

Charlemagne's Legacy: Linking Up the Rhine, Main, and Danube Rivers



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Charlemagne's reforms served as the precedent for the development of great internal systems of rivers and canals. The map shows one (apparently completed) section of what he envisioned: the Fossa Carolina canal (ca. 793 A.D.), between Treuchtlingen and Weissenburg, in what is now Germany (#1). The Ludwig-Danube-Main Canal (#2) was commissioned by Bavarian King Ludwig I and completed in 1846. Today, the Rhine, Main, and Danube (Donau) are all connected, permitting inland navigation from the North Sea to the Black Sea. (The light dashed line shows the European Watershed.) Equestrian statue of Charlemagne by Agostino Cornacchini (1725), in the Vatican.

oped was a system of finance among currencies, whose prices were controlled by monopolistic practices by a concert of banking institutions, which controlled the trade among the various maritime cities of the Mediterranean.

This was the basis, for example, for the development of the Roman Empire, which was such a system.

The Roman Empire expanded a bit to the North Sea, not fully at that point, but expanded in that direction.

Rome collapsed; Byzantium was a mess. In this process, Charlemagne created a reform in France and a large part of what is Germany and so forth today—Charlemagne's reform was a comprehensive reform; it was an anticipation of the modern nation-state. What he

did, in particular, the most significant thing, apart from setting up a national census, a national census of prices and production and so forth, was the development of an inland water system, based on the rivers and the new canals built in Europe.

So now, for the first time, Europe developed an internal, inland system of real economic development, based largely upon water as a means of transportation, inland transportation; and under a census and promotion by Charlemagne of various projects, which was the first burst of economy.

Now, Charlemagne's death was a catastrophe, because the Byzantine forces were able to break, had operations to break up, what Charlemagne had achieved. But that was the second thing.

So, you went first from a maritime system, based on the Mediterranean, with some extension into the Atlantic; and then, we went to Charlemagne's revolution, which was the development of this inland waterways system, which continued until—actually it was the dominant system in all successful cases in Europe, up until about the beginning of the 19th Century.

The Transcontinental Railroad System

During the 19th Century, we in the United States, and on a limited basis in Europe, began to supplement inland waterway systems by rail systems. During the course of the 19th Century, especially under the impetus of John Quincy Adams, we began to move toward the intention of a transcontinental railway system, which meant that we were, in the United States, a nation, from between the border of Canada and Mexico, and between the Atlantic and Pacific Ocean. Our orientation then, was to continue westward, into a trading economic relationship with China and countries in the Pacific and Indian Ocean region. That was our tendency.

When this happened, particularly after 1876, with the Philadelphia Centennial Convention, the British went ape! Because the development of transcontinental railway systems, supplementing inland waterway systems in the United States *and* in Europe, and the going to continental-scale rail systems, meant that no longer could British maritime sea power control the trade of the world. That now, you'd have the inland development of Eurasia, like the inland development of North America, which meant that economy was going to a superior form of infrastructure, from canal systems, inland water systems, to transcontinental rail systems.

One of the leaders of this—it happened in France, of

course, as you know—Bismarck did this in Europe—Germany did it; it was really Bismarck, until they got rid of him in 1890. And Russia did it in terms of the Trans-Siberian Railway. So, you had Russia, Germany, in its own respect, France, were all going toward transcontinental railway systems, which meant a new basis for trade and economy. And this kind of system, the transcontinental railway systems, is much more efficient, in terms of cost and performance, than the maritime system! The British, therefore, realized that what was going to happen, if this succeeded, if it was not disrupted, then the British Empire was finished. It was going to lose its power.

So therefore, what did the British do? The first thing they did, because they controlled the German ruling family, they got rid of Bismarck. Then, the British met with the Japanese, and organized a plan for an alliance with Japan, for a war against China, Korea, and Russia, in the Pacific region. This was later extended, in the 1920s, to a Japan-Britain alliance for attack on Pearl Harbor in the Pacific, and U.S. Naval power in the Atlantic at the same time.

That became the basis for what became World War II.

The change was, suddenly when Roosevelt was elected, you no longer had a stooge government in the United States. Because the assassination of McKinley had brought in a guy who was really a traitor, Theodore Roosevelt, and then a member of the Ku Klux Klan, Woodrow Wilson—and not good presidents during the 1920s.

So the arrival of President Franklin Roosevelt in the Presidency, meant that the British plan was already implicitly defeated. Roosevelt's success meant that as long as he was President, as long as his influence continued in the Presidency, the United States was going to destroy the British Empire.

So, the great conflicts, which have dominated the world, since those times, have always been the attempt of the British Empire to defend itself against the chain-reaction effects of the establishment of a transcontinental railway system inside the United States, with the great industrial-agricultural development which occurred right after the Civil War in the United States.

And that's where we are today. And where the British system is continuing the process which it went into, in reaction to the 1876 Philadelphia Convention. Where this railway-industrial production was made, the British were determined: *They had to destroy the United*



Library of Congress

Following the 1876 Philadelphia Convention, the British were determined: They had to destroy the United States, to save their imperial system. Shown: the American Centennial Exposition at Philadelphia, 1876.

States, to save their imperial system. And all of the wars, and major troubles we've had on the planet, since 1876, have been the result of that situation.

Get Rid of the British Empire!

Now, today, we face a situation, in which the British are determined to shut down the economies. Because the fact is, if you reduce the population in numbers, and if you make people more stupid, so they're not qualified for scientific progress and high-technology education and production, then the world population will be forced down, from a level approaching 7 billion people, down to 2 billion people, or less, in a very short period of time. We're talking about the darkest dark age imaginable if this happens.

Therefore, the question today, and I speak as an American scholar, shall we say: The perspective today, is to get rid of this British scheme, and to go to an alliance of the United States, with, immediately, Russia, China, and India, and also, hopefully, to bring in nations which are departing from the euro system in Western and Central Europe. In that case, we can do a general reform, of a Glass-Steagall type, include a fixed-exchange-monetary system in agreements, adopt a 50-year perspective for the reconstruction of the world, and *we can succeed*.

We will succeed on the basis of a hyperactive space program, of the type on which I'm working with some friends, in what we call our "Basement." We are ready to make, over the course of this century, the greatest revolution in technology, that mankind has ever conceived.

So, as Jacques and others have said there: They want some optimism. That's my optimism for you. If we do this, if we get rid of this danger right now, get rid of the British Empire, go back to a system of sovereign nation-states who cooperate based on a fixed-exchange-rate system of credit; if we do that, and if we go back to a high-technology science-driver program, we will do wonders on this planet, and it will be the two generations who are younger now, who are maybe 20, 25-35, that age-range, *who are*

going to lead in doing this job, if we adopt the policy of doing it.

So that's what I'm concerned about: I believe that if we in the United States do our job, and if we sort of sit out the process that Europe's going to have to go through, to clean up its internal mess under the euro system, and Europe gets into cooperation with us, and with the nations of Russia, China, and India, and other countries of the Pacific, *we can do this job*. That's the good news.

But if you're going to sit, and go along with the present system, and hope it's going to work out, then you're going to get chaos, and we're right on the edge now. No one can say, exactly, no one can "predict" in the sense of predictions, whether the crash of the world system, starting in Europe, starting in Western and Central Europe, will occur this month or next. No one can say that this can not occur this month or next; no one can say that such a collapse of the present world financial system is not likely to hit Western and Central Europe during the month of June and July. It might not happen exactly on that time-schedule, but *that is the reality which we must prevent*.

And therefore, you want optimism? I'm optimistic, we're going to change the world. We're going to change the baby, because the stink is getting overpowering.