

The Ultimate Madness of the Trans-Atlantic Speculative Bubble

by Stephanie Ezrol

The following report is adapted from an [article](#) posted Dec. 21, 2017 on the French-language website Solidarité et Progrès, and from other Europe-based discussions which included former French presidential candidate Jacques Chéménade, EIR founder Lyndon H. LaRouche, Jr., and Schiller Institute President Helga Zepp-LaRouche, on the subject of the Bitcoin bubble.

Dec. 25—The story has often been told that in 1929 a rich bootlegger, Joseph Kennedy (father of the future president of the United States) was having his shoes shined by his usual shoe-shine guy. At one point, the guy looked up at him and said, “Mr. Kennedy, I’ve got a super stock tip for you.”

Kennedy listened, but immediately concluded that if shoe-shine men were now speculating on the market, it was time to sell everything. In fact, the market had topped out: Kennedy sold his shares just before the crash, and became one of the richest men in America in the 1930s.

Today, the bitcoin mania is spreading in regions hard-hit by the economic crisis, causing a dopamine-serotonin infused mental frenzy, attracting “investors” ranging from ill-informed little old ladies to retirees in Darien, Connecticut.



It’s only the most extreme aspect of the whole Ponzi scheme of the financial and monetarist system of the West that goes back to the 1971 break-up of FDR’s Bretton Woods agreements, which break-up was a result of America’s post-FDR collaboration with the British empire speculators and financial predators initiated by President Truman—a collaboration Lyndon LaRouche had warned would lead to unprecedented disaster.

This bubble is proof for people who still are willing to think, of how this system is becoming absolutely insane. The new paradigm, for which Helga Zepp-LaRouche has become a major international spokesperson and leader, is something more than just the new rail-

roads and other impressive infrastructure of China’s New Silk Road. It’s a new spirit: it means that you don’t take money or power from the other, but you create a win-win system, a new order, to produce, and to develop and increase your knowledge of the universe and the beauty of your life with the other.

Crime, Delirium, and Greed

The spectacular surge of “cryptocurrency” is causing consternation throughout the financial press and the media. We have had many private discussions with

people who are warning against the “mainstreaming” of bitcoin derivatives, even with people who are not what you would call moral in their economic perspective; they are not concerned about the well-being of people, about human values. But they’re afraid. They are “market conservatives.” But they’re afraid, scared of their own Frankenstein monster. It’s something which is becoming bigger and bigger.

One bitcoin was worth only a few cents at their creation in 2009. Its price was \$4,000 last August, and reached nearly \$20,000 in mid-December. While China, Morocco, and South Korea have put measures in place to ban them, Japan has legalized them, and the international financial institutions are promoting them. On December 7, there were reports in Reuters and Bloomberg that Goldman Sachs “is planning to clear bitcoin futures for some clients as the new contracts go live on exchanges.” On December 10, the CME Group inaugurated the first futures market for bitcoin on its CME and CBOT (Chicago Mercantile Exchange and Chicago Board of Trade) exchanges. It is reported that the Nasdaq Stock Exchange is planning to start trading bitcoin futures during the first half of 2018.

We live today, in many ways, in George Orwell’s dystopia (or is it Bertrand Russell’s utopia?), where we manage to make believe that black is white, or that injustice is just. In the same way we have been made to believe that bitcoins (and other cryptocurrencies) are an alternative to “the system,” although they are nothing but one of its most extreme and perverse expressions. It is entirely consistent with the libertarian project inspired by one of the designers of modern ultra-liberalism, Friedrich von Hayek, promoter of “private” currencies independent of any state. Herald-ing cryptocurrencies as an alternative, is to pass control to a system in which currencies have been effec-

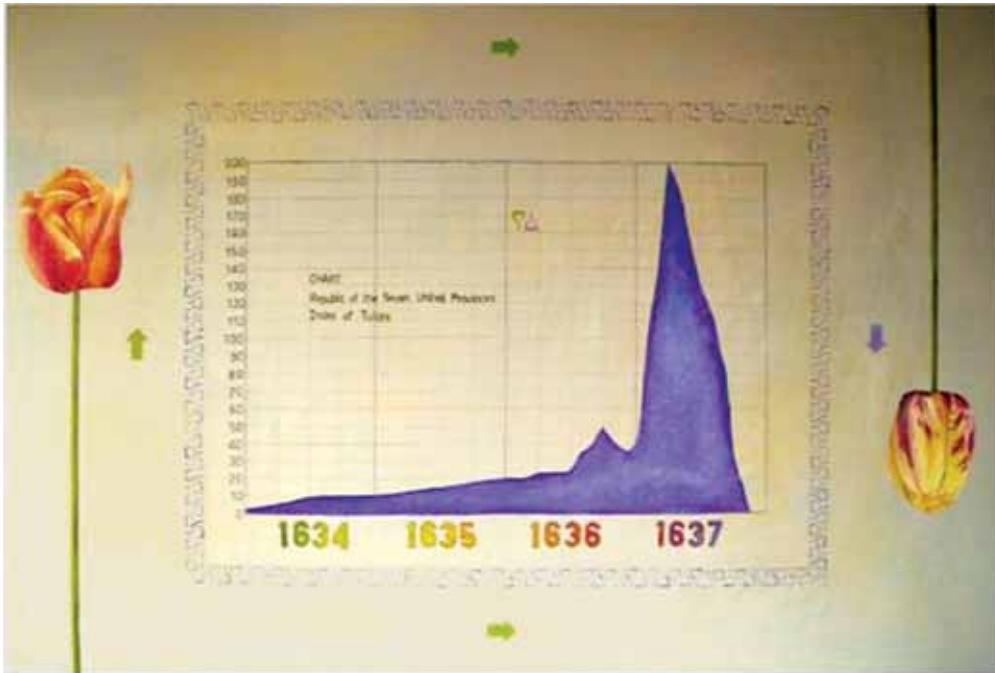


Dramatic speculative increase of the bitcoin price.

tively removed from state control, where control is then in the hands of central bank and private bank “counterfeiters.” This mania truly marks the end of the road!

Bitcoin is not based on anything real. A team of Australian researchers from the University of Technology Sydney and Sydney University, has just completed a study, “[Sex, Drugs and Bitcoin](#),” showing that nearly half of all bitcoin transactions are associated with the purchase or sale of illegal goods and services, including drugs, stolen weapons and pirated software. The vast majority of “legal” users are like Joseph Kennedy’s shoe-shine man, buying and holding bitcoin, waiting for its price to rise.

In mid-December, French associates of the La-Rouche movement went to the “Maison du Bitcoin,” at 35 Rue du Caire in the Paris financial district. They reported that the fever of greed in the average person, created by “magic money,” was quite palpable, speaking to several people in the vicinity. One person said, “It’s all about retiring at the right time.” Another informed us, “Bitcoin—that’s a has-been. Invest in Ripple!” A third explained, “I’m here to get information. My employer’s wealth manager—she herself is an elderly woman—sent me here to get information.” A thirty-something fellow, who had invested in bitcoin when it was worth only a few cents,



Graph of the speculative 1637 Tulip Bubble rise and crash.

was cashing everything out that day, and becoming a millionaire. To our question, “Are you greedy?” He replied, “Of course I am. Insiders like me get to make the big bucks because there are gullible fools now buying in!”

Will this be the detonator to crash the Trans-Atlantic system?

Financial analysts are now comparing the bitcoin price spike with the 1637 Dutch tulip bubble that triggered a crisis of the entire system. As Ambrose Evans-Pritchard wrote in the *Daily Telegraph* on Dec. 14, “The ‘everything bubble’ is about to burst.”

There is a 21 million limit to the issuance of bitcoins, and the closer we approach this fateful figure, the scarcer the tradeable currency becomes, driving the soaring price. Bitcoin value in dollars has increased by more than 1,700% since the beginning of the year. The total mass today represents about \$400 billion.

Economist Daniel Cohen analyzes the phenomenon, in his Dec. 9 opinion column, “What the Bitcoin Madness Reveals,” in the French newspaper *L’Obs*: “In a world looking for the dream of maximum return, bitcoin has indeed become the fantasy machine. In one year, its price had multiplied tenfold, in two years by a hundred!” Cohen continues, “Everything has been done

to create a resemblance to gold. You can ‘dig’ bitcoin mines, like gold miners, by solving complex algorithms that earn free bitcoins,” but “bitcoin still is, despite the verbiage, nothing but a financial bubble. The buyers hold it not for its intrinsic value—it has none—but to sell it at a higher price to the next sucker. When there are no more to be found, the bubble will burst.”

Bitcoin benefits tax evaders, says Daniel Cohen. “It offers all the Mafiosi of the world an ideal means of payment: secure, immaterial, and

outside the public sphere. However, this madness can only flourish because public authorities allow it. The day they decide to ban it, waking up to the fact that it derives its value from its link to illegality, bitcoin will be immediately demonetized.”

The problem is that a lot of people in Europe—most people in Europe—can’t believe that the sky can ever become blue again. They are in a sort of gray or black zone. Lyndon LaRouche’s French associates report that they are committed to really giving them the sense that they have a power to change things: that’s what has happened with China, it’s happening, in a sense, with Russia, and with Trump. Then, you create in people’s minds a new understanding of the situation, because they will be able to see it from above. We have a lot of good reactions in broader circles to that totally realistic strategic optimism.

Lyndon LaRouche, a participant in this European-based discussion, happily concluded “we could probably do the job very nicely, if we just did the job right.” With people in various parts of the planet, we can be the catalyst to do what is needed to be done, simply by talking to people carefully about what has to be done. Human beings have the power; we have the power to build a force, a greater force than has existed before—and we can win.