

Europe on the Brink: No to Bailouts, Deindustrialization!

by Helga Zepp-LaRouche

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Wiesbaden, June 11—The reality, which the governments in Europe do not want to deal with, is that not a single proposal for dealing with the euro crisis has been placed on the table which would have a chance of success. Paradoxically, the more “successful” the brutal austerity measures are that are being demanded of Greece and other crisis countries in return for further rescue packages, the quicker these governments will bring about their own downfall and the danger of a truly uncontrolled collapse of the euro.

The entire global financial system is currently on the verge of collapse; the United States is hopelessly bankrupt, its state and local governments are insolvent; many crops have been destroyed by severe weather; shortages and speculation-driven food price increases prevail, not only in the U.S., but worldwide. The euro is a failed experiment, and the situation facing the populations in Greece, Portugal, Spain, and Ireland, as well as in many other European countries, is intolerable.

As long as politicians like Chancellor Angela Merkel run after events, without fundamentally changing the casino economy, it is a foregone conclusion that the complete disintegration of the world financial system can hit us at any time. And instead of listening to those who are using this danger as leverage to keep forcing

rescues of the banks at the expense of the people, what must be done now is to preemptively implement the following demands, in order to prevent the catastrophe.

First, is that speculation in food commodities must be ended immediately, since there are more than a billion hungry people in the world, and, as the UN Food and Agriculture Organization is warning, food riots are looming in over 80 nations. This requires price controls, and for the trade in food products to be restricted to those who have something to do with the actual production process; the so-called “investors” must be excluded by law from the food commodities market.

The reason is simple: Because the price explosions caused by speculation will result in the deaths of many people who can often barely scrape together one meal per day as it is now, speculation in food must be immediately banned as a crime against humanity.

Secondly, we in Europe must immediately put into place a two-tiered banking system (the Glass-Steagall standard), providing the real economy with new credits, all related to the common good—such as protecting savings accounts up to a certain amount, pensions, etc.—and ensuring that the whole “virtual” domain of credit derivatives and “creative financial products” of all sorts, is abolished and closed down.

A European-Wide Crisis

The reason for this is quite simple. The brutal austerity demanded by the troika of the IMF, European



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The EU plan for Greece is to sell the nation's assets at auction to pay the debt—and hundreds of thousands of citizens are taking to the streets to express their outrage. This demonstration in front of the Parliament building in Athens was on May 31.

Central Bank, and EU Commission cannot function, because it only protects the property of a kleptocratic, privileged layer, while the great majority of people, especially the young generation, with an unemployment rate of sometimes up to 40 or 50%, are left without any hope for the future. All of Greece is to be sold off on the auction block, which is making the population increasingly bitter, such that last weekend in Athens alone, 500,000 people took to the streets. And how is even a single euro ever going to be repaid, by an economy that has shrunk in just the last year by 5.5%, and with a total debt of EU350 billion, equivalent to 153.4% of its gross national product? The only thing that could restore the Greek economy would be a long-term investment program in modern industries with high energy-flux density; but the troika is millions of light-years away from anything like that.

But even German Finance Minister Wolfgang Schäuble's call for "soft restructuring"—that is, private creditors would have to contribute their fair share—will not function; such a plan could collapse as soon as June 20 because of the resistance of the ECB and the various

finance ministers, who are defending the interests of their own banks; or if the Constitutional Court in Karlsruhe, in its scheduled hearing on July 5 on three lawsuits against the bailouts, were to conclude that this policy is unconstitutional; or if Portugal and Ireland, which also hold Greek government bonds, would themselves require new rescue packages, in case of a Greek devaluation. This could also mean the insolvency of other banks, including some Spanish banks that have incurred imbalances because of the debt of the 17 Spanish regions—a total of EU150 billion.

What is required is not some band-aid measures, but an end to the casino economy.

The bill introduced by U.S. Congresswoman Marcy Kaptur (D-Ohio) for a Glass-Steagall Act, H.R. 1489—i.e., a two-tier banking system—is gaining more and more co-sponsors; a bipartisan initiative for Glass-Steagall is being prepared in the Senate; and all over the United States, leading trade unions, business associations, regional banks, and social organizations are demanding the return of the Glass-Steagall system. This means that the chance absolutely exists for all Euro-



White House/Pete Souza

President Obama gives the Presidential Medal of Freedom to Chancellor Merkel, June 7. This is the highest civilian honor a President may bestow. Some in Germany consider this as a blatant attempt to prop her up so that she can keep on bailing out the banks.

pean nations to do the same thing. But that requires a government that remembers its oath of office, to protect the German people from harm.

The Insane Anti-Nuclear ‘Consensus’

If even the conservative daily *Die Welt* writes that “this government could become the greatest disappointment for the middle class since the Second World War,” and that we could now talk about a GED, a Green Unity Party of Germany,¹ because as of this week, all the parties in Germany are green, then this should ring the alarm bells for the Union parties [Merkel’s CDU and the Bavarian CSU], which should begin to think about whether they have the right leadership. It is perfectly obvious that the purpose of President Obama’s maneuver, conferring the Presidential Medal of Freedom upon Chancellor Merkel, at a time when she is involved in transforming Germany into an eco-dictatorship, was to help her continue the bailouts in the interest of the banks.

The “consensus” on the nuclear energy phase-out, ordered top-down by Merkel’s climate advisor, Hans Joachim Schellnhuber, which Merkel mouths unasham-

1. An ironical reference to the Socialist Unity Party of Germany, SED, the de facto communist party that ran East Germany, on behalf of the Soviet Union, from 1949 to March 1990.

edly, has run up against plenty of belated, but nevertheless real, opposition from important industry representatives and even from the CDU, which is now demanding a special party conference on this topic. It is gradually dawning on some people that this arbitrary phase-out, which is motivated by ideological and demographic considerations, not economic ones, would lead to the rapid deindustrialization of Germany.

But this resistance had better swell very quickly into a mighty chorus—more precisely, by June 30, when the Bundestag (lower house of parliament) is scheduled to vote on the phase-out policy, and by July 8, when the Bundesrat (upper house) will do the same—to avert the greatest damage Germany has suffered

since the Second World War. Merkel is simply no longer acceptable as Chancellor, because of her policies of the last three months.

If the GED’s policies were to be implemented in Germany, the results would be power blackouts; endangerment of energy supplies; massive price increases, not only for energy; mass unemployment; and social chaos; Schellnhuber’s delusions about a “global social contract for the Great Transformation,” enforced on a global scale, would place the continued existence of the human species in grave danger, because these would drive scientific and industrial potential into a complete impasse.

This potential, however, is urgently needed to find solutions to the real challenges facing humanity, such as the increased seismic activity resulting from galactic processes and increased solar activity, or the development of new methods of treatment for diseases caused by antibiotic-resistant pathogens. These and other domains require technologies with high energy-flux density.

Fortunately, there is a party in Germany—the BüSo—which is not green, which has warned from the beginning that the euro could not function, and which is determined to work with allies in other European nations to put into place a two-tier banking system here as well.