

THE PRINCIPLES TO BE CONSIDERED:

A New Life-Time For Our Society

by Lyndon H. LaRouche, Jr.

Friday, July 6, 2012

The new economic crisis:

On the Fourth of July, 2012, the voices of some of the most respected figures referenced by the British press in London, had shocked the politically sentient circles of the planet, with the publication of a report whose source has included the members of a circle of public figures from among the most highly respectable, relevant circles of Great Britain. Those voices had announced that some crucial elements of that famous empire's leading press had suddenly called for wiping out the nominally richest British banks in the world, in order to rescue both Britain and the United States from a terrible catastrophe. The relevant British proponents had proposed cooperation between the United States and Britain on this specific account.

Contrary opinion on this subject, has been centered in people from around those leading financier circles of the world, who appear to have attempted, so far, to appear unshaken by the announcement of their own widely publicized plunge into a virtual likelihood of their own political extinction. Dinosaurs, anyone?

Some might choose to wonder what this will do to the political chances of both U.S. President Barack Obama and his putative election rival, Mitt Romney? Did some kindly angel drop something intended to pass for "harsh justice from Heaven" on the ranks of Wall

Street and those candidates alike? The advice is: do not worry about the chances of either candidate Romney or Obama now. Had this news fresh from London not been solidly based in fact, the news would have been different. The relevant, real news was, and will remain solid fact for the record. There is no hope for the chances of what had been, until this past Monday, some among the nominally most powerful banks and related speculative institutions of the trans-Atlantic world.

Be clear-headed in respect to this matter. These prospectively doomed financial institutions have been plunging into a virtually global state of hopeless bankruptcy since the cancellation of the original U.S.A.'s Glass-Steagall law; the effect of this began to take over the trans-Atlantic communities during the latter half of 2008, with the launching of what was to become known as the great "bail-out" swindle. The result has been, that the economies of the United States and of western and central Europe, have been doomed until now, since the cancellation of Glass-Steagall on November 12, 1999 (a foolish action done in favor of the foolish, Gramm-Leach-Bliley monstrosity which made possible the great trans-Atlantic economic collapse of 2007-2012).

Admittedly, the support for Glass-Steagall found among the relevant, properly prestigious circles in the United Kingdom, is fully justified and otherwise meritorious; at the least, that is what is to be seen from my vantage-point as both an economist and statesman. Such has been my authority in such subject-matters, and also



White House/Pete Souza



A shift among British elites toward adoption of LaRouche's Glass-Steagall proposal signals the end of the line for President Obama and his putative rival Mitt Romney. "Do not worry about the chances of either candidate Romney or Obama now," LaRouche writes.

among the most significant of the other leading economists on the record of the U.S.A. and others, since my initial, August 1956, economic forecast's success in late February/early March, 1957, the latter the worst post-World War II such crisis, a near-depression, at that time.¹

The relevant point of the report to be made on that account, is the fact, in general, as among most who could be regarded reasonably as leading economists, of their generally consistent reliance on the folly of statistical forecasting based on the past effects, rather than actually forecasting based on the actual future, as I had done, in late August 1956, in composing my uniquely successful forecast for February-March 1957.

Now, the relevant British advocates of a needed immediate reform, have proposed to cooperate with the United States in efforts to bring this current crisis-situation under control—a very radical change from post-1999 conditions of drift of the U.S.A. itself, as also Britain, into something far worse than a mere depression: a general economic breakdown-crisis still in an advanced state of ruin-in-progress at this present time. It is my recommendation, that the United States government should consider uttering an immediate proffer of cooperation with the appropriate citizens of Britain on that specific account.

1. The successful emergence from that deep recession of 1957-1961, had emerged around the early phases of the short-lived administration of President John F. Kennedy, which was promptly turned about into a long-range trend into a systemic economic decline, under the conditions created by the launching of a foolish choice of U.S. war in Indo-China.

That recommendation of mine is presented on elementary types of conditions. First, that the proposed cooperation is as stated by the relevant British parties. Second, that it is a commitment to sharing the benefits of a common good, as with trust in what those among my predecessors for whom I have high regard have always done, essentially, since the break with an imperialist Britain since the separation of our nations over the issues of the February 1763 Peace of Paris, and the diplomacy of such as John Quincy Adams and the exemplary President Franklin D. Roosevelt and his specific circles of cooperation during his time as President.

The qualification is that the British party concur in a stated principle of commitment to a common human interest in related matters. My tendency would be to move quickly to exploratory discussions with relevant parties.

Who Can We Trust?

There are several compelling reasons to believe in the faith of those Britons who have presented this suggestion to citizens of the United States.

First, the human species has lately entered a general planetary condition under which general warfare in the form of thermonuclear warfare, or something soon beyond such dimensions of action, is not a feasible option. We have moved past the time, that the human species could engage in the use of such means, even when the issues in favor of conflict are extremely compelling. This principle has been shown with remarkable

excellence-in-action among the U.S. Joint Chiefs of Staff. The urgency of general cooperation on behalf of a common good is, presently, far more compelling than at any past time. There are very special pre-conditions for such a confident sort of outlook on conditions before us at this time. The relations to Russia on this same account, have been recently excellent, and there is justified confidence that such a relationship with the U.S.A. is inherently desirable in the natural interest of both parties.

The relatively greatest likelihood of danger comes, in fact, from the policies of a more or less programmed policy of suppression of scientific and related requirements of a policy of advancing the scientific level of progress of the per-capita human conditions on this planet. This progress is to be gained through science-driven technological progress in the advancement of the degree of effective energy-flux density per capita and per square kilometer of habitable territory.

In fact, in the known history of living species on Earth and implicitly beyond, the ability even to maintain the even existing species demands the benefit of a continuing rise in the net energy-flux density of living species inhabiting Earth. Frankly, the schemes of such proponents of a dubious “Second Law of Thermodynamics,” of Rudolf Clausius et al., are directly contrary to all currently competent notions of the biology of our planet. A contrary presumption, such as that launched during the Nineteenth Century, is a product of British oligarchical-imperialist conjectures, whereas competent scientific criteria demonstrate a direct opposite: these are relics of the oligarchical ideology.

This matter of “environment,” both on Earth, and within the relevant considerations for the Solar system, shows an indispensable, long trend to rise of “energy-flux density” in, especially, the existence of the human species. The entry of mankind into the increasing need for attention to matters outside the present range of human habitation on Earth itself, requires our attention to changes in the characteristics of the weather within and beyond the Solar system as such. As we have already moved beyond nuclear-fission, and into higher orders of thermo-nuclear fusion and matter-antimatter considerations, the science-driven increase of energy-flux density essential to continued human existence on this planet, is the mandatory standard for measuring expressed sanity in human behavior generally.

It is to be acknowledged, that among some cases, called “traditional cultures,” this emphasis on science-driven cultural progress tends to be resisted. Such be-

liefs are grave errors, ultimately, potentially cultural suicidal ones. We must manage the problems of social relations so defined; but, we must not permit that to delude us into believing the people sharing such cultures are actually viable expressions of the human species. It is not pleasant to suggest that animal species are interchangeable with human identities; but, the existing animal species’ continued existence depends upon the forms of support which human husbandry affords them, either to our economic advantage, or to our pleasure taken in the company of certain animal companions.

The general principle in this matter, is the necessary, accelerating increase of the energy-flux density created by, enjoyed by, and used by a human species.

To what I have written on this account thus far, I must add something which receives little attention thus far, but is a crucial aspect of mankind’s capability for our species’ future existence.

This pertains, inclusively, to matters bearing upon what is defined customarily as the role of the principle of metaphor in the most essential functions of the progress of development of the human mind. It is, also, to be said, on this account, as to the decline, especially as promoted by the evil 1950 Congress for Cultural Freedom, that the willfully steered degradation of popular and related human cultures has left behind a pattern of increasing intellectual and moral degeneracy to such effect, that persons in the earlier parts of the Twenty-First Century are culturally crippled relative to their typical ancestors. This phenomenal trend is correlated with the decline in the per-capita productivity which has been a trend since the death of President Franklin Roosevelt, and especially since the assassination of President John F. Kennedy. The loss of conveyance of a developing Classical artistic composition, as typified by the actual principle of metaphor, as the rightful heritage of experience of the young provided by the older, has introduced trends of bestiality into one of the most highly cultivated generations of the same nationalities; this is a sign of the greatest threat to the continued existence of the human species. The intellectual development of mankind must always rise, if a durable improvement is to be sustained.

For me, personally, as one who has “teethed” on the principle of metaphor, that trend of a sequence of cultural quality of declining quality of descent from grandfather, to adult son, to child is the most horrid of the experiences which the experience of the Twentieth Century, and entry into the opening decade of the



FDR Library

Since the death of President Franklin Roosevelt, and later, the assassination of President Kennedy, the moral and cultural degradation of subsequent generations "is a sign of the greatest threat to the continued existence of the human species." Here, President Kennedy and Eleanor Roosevelt.

Twenty-First, have presented.

To be human, is to sense one's own participation in a progress in matters bearing upon those true powers of the human mind which are as if lodged within the role of metaphor. All great art, and all great science, too, are dependent upon progress effected through the means formally associated with metaphor, or, said otherwise, Johannes Kepler's repeated use of reference to "vicarious hypothesis" (e.g., the ontological notion of metaphor). I have come thus to recognize the value of Wolfgang Köhler's practical as much as scientific advice to Max Planck on the subject of the self-organization of the mental processes, such as the self-organization of memory, of the human mind.

Britain & the United States

It is my cultivated view, since my dipping somewhat deeply into the work of Filippo Brunelleschi and Nicholas of Cusa, that we must understand the relationship of the development of an extended role of Europe into the European settlements in the Americas, from the direct influence of Cusa in prompting the exploratory development of European civilization in the Americas. For one circumstance of the process of that development, or another, the most determining characteristic of that colonization, has been located in the Massachusetts Bay Colony's specific developments under the leadership of the Winthrops and Mathers. It was chiefly the action of Wil-

liam of Orange in the suppression of that quasi-autonomous phase of the colonization which left the strongest influence within the colonization within the region from the Winthrops' and Mathers' role through Benjamin Franklin's role, in New England and through Virginia. My own ancestors' spread from the Massachusetts colony into Ohio, typifies the traceable cultural connections from the leading edge of the process leading from the early Seventeenth Century through establishment of the United States as a continental nation, through the work of President John Quincy Adams and the role of President Abraham Lincoln as originally a protégé of the career of Adams, which presents a clue to what had actually saved the United States under the conditions of the Civil War.

It is essential to look into oneself and one's cultural roots, whether what is discovered were pleasant news or not.

Or to recapitulate this point:

The common and grave error in enculturation among Americans and others presently, is the view of the prospect of one's death as cutting the person off from the sequel of that story. It should not be a kind of "fetish" respecting descent. It were pleasant to enjoy the expectation of what will be the outcome of one's once-terminated existence. However that may be, the existence of a reality for our allegiance, depends upon the outcome of the development from within, and beyond the new generation, even much more than that of the personal scion. It is not a simple inheritance which is crucial; what is crucial is the quality of the development met among the heirs, at least some of the heirs. At my present age, with an active memory of grandparents born during the early 1860s, and a childhood glimpse of a living ancestor of somewhat earlier vintage, from a Scottish dragoon and his brother a significant sea-captain, there is, for me, more than a century and a half of personally familiar figures which touch upon the biologically known elements of an ancestry.

There is a certain specific advantage, and matching responsibilities to be considered in recognizing a certain degree of immortal means which tie broad masses of entire, personally known identities which define the "moveable me and my family" of the process of the development of one's own, claimable culture. In the best cases, the extended notion of family reaches back to a tie to the great pyramids, to the uncovered truths of the Trojan War.

The point which I am pressing as being important within the scope of the implicit issue which your actions bestir in me, has a specific, scientific meaning, a meaning which is illuminated by the issue which the recent news to me from London has presented.

Essentially, my being a person, most of whose once close friends, relatives, and so on, have expired “the mortal coil,” life means, for me, both what once was, what it meant, and my intention for the future of mankind. Above all else, it should mean our part as the selection of that which is worthy still living among those who come after us.

The crucial point which I am putting forth here, is that as our species lives longer (perhaps), and expands our intellectual reach into the enlarged mission which scientific and related progress does to advance our intellectual appetites, our minds become more far-reaching in their appetites. The biological identity dwindles as the experience of the power of the human mind makes giants of what were once the pitifully poorly informed.

This much said this far, brings us to foresight into a coming time, when experiences such as a week’s journey by means of thermonuclear fusion will transform

our citizens from earthlings into masters of the management of nearby space. This is not merely a voyage to some strange place, but an elevation of our species to a sense of the grandeur of the duties to which we, as part of mankind, have ascended. Thus, we shall think of this present century on Earth as being both the span of a lifetime, but also of the changes within our Solar system, to which we shall become party, certainly in intellectual spirit, and probably also, personal experience.

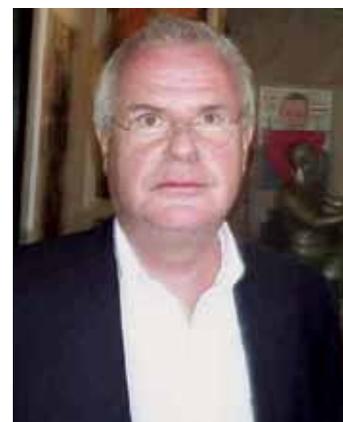
Top U.K. Bankers Now For Glass-Steagall

July 7—As of early July, as Lyndon LaRouche outlines above, a group of financiers at the center of the British financial empire, the City of London, made a unmistakable shift toward promotion of a Glass-Steagall banking reform. Those individuals and institutions now advocating what has been the signature policy of LaRouche and his political movement sit at the core of the financial oligarchy, an oligarchy now adjusting to the current situation in such a way as to secure what they see as their long-term survival.

We review some of their pedigrees, and then provide their recent statements.

Start with the **Financial Times**, the preeminent financial newspaper of the British Empire, which made an editorial statement for Glass-Steagall. The *FT* has long been associated with the Rothschild bankers, the kingpins of the Inter-Alpha Group which has led the empire’s assault on the global economy, especially since 1971.

Take the case of **Paul Myners**, otherwise known as Baron Myners, a life peer who is also a Commander of



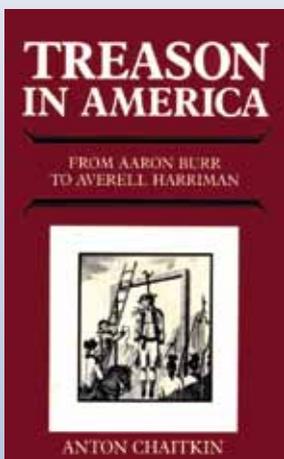
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Baron Paul Myners, former publisher of the Guardian and Observer, stated in an interview, “We need to go to what is known as a Glass-Steagall model...”

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the Order of the British Empire. (Such titles may sound silly, but the Empire is largely run through chivalric and Masonic orders, which permeate all the major institutions.) Lord Myners, the former publisher of the *Guardian* and the *Observer*, is a former employee of N.M. Rothschild, a former director of NatWest bank, and currently a director of RIT Capital, the investment vehicle founded and chaired by Baron Jacob Rothschild. (Baron Rothschild is a member of the Queen's Order of Merit, and a Knight Grand Cross of the Order of the British Empire.) When Myners speaks, he is speaking for Queen and Empire.

Then there's **Peter Hambro**, chairman of Petropavlosk, a London-based company with extensive gold holdings in Russia. Hambro is descended from one of the empire's top banking dynasties. Hambros Bank was one of the constituent *fondi* in Assicurazioni Generali, the powerful Venetian insurance company founded by the Rothschilds and others, and was part of a syndicate—which included N.M. Rothschild—which funded Mussolini's corporatist government in Italy. Hambros was part of the powerful British Rhodes-Milner Round Table Group.

Among the directors at Petropavlosk is **Field Marshal Charles Guthrie**, Baron of Craigiebank, a former director of N.M. Rothschild, and a Knight of the Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes and of Malta. Guthrie has also served as Gold Stick to the Queen; Gold Stick is a ceremonial bodyguard. Petropavlosk director **Dr. David Humphreys** spent 18 years at the Rothschild-controlled Rio Tinto.

The remnants of Hambros are now owned by Inter-Alpha member Société Générale as its private bank, SG Hambros. Banco Santander's **Emilio Botín López** worked for Hambros Bank for two years as a young man, before joining the Banco de Santander board. Santander is key member of the Inter-Alpha Group.



Lord Peter Hambro, scion of the venerable British merchant bank Hambros, stated that investment and retail banks "should never have been together, and now they should be split, completely."

Yet another Petropavlosk director, **Sir Roderic Lyne**, is vice-chairman of Chatham House (the Royal Institute of International Affairs), and a Knight Commander of the Order of St. Michael and St. George.

In Their Own Words

July 1: Terry Smith, CEO of Tullett Prebon and of Fundsmith, who had first called for Glass-Steagall in 2008, authors an op-ed published in the London *Guardian*. After attacking the British Bankers Association for its reaction to the scandal over banks rigging the benchmark LIBOR (London Interbank Offered Rate), Smith writes:

"[T]he arguments against separating retail and investment banks were always thin. Now they are surely unanswerable." He concludes: "What needs to happen? The U.K. and the U.S. must enact a Glass-Steagall Act (the 1933 Banking Act passed in the wake of the Great Crash which separated commercial and investment banking) and separate retail and investment banks. Ringfencing, as proposed by the Vickers Commission, will not work." Why? "As this LIBOR scandal illustrates, ways will be found to climb over, burrow under and go round the ringfence. The only people who seem to have lobbied against such separation are bankers."

Also on July 1, *The Scotsman* reports that John Thurso, a Liberal Democrat, who sits on the Treasury select committee, said the day before: "I think we actually have to go further than Vickers. It is not just about ringfencing, it is about a total separation, and when bankers like Bob Diamond tell me, as he has done in committee, 'Oh well, nobody in the universal bank has failed,' I now say to him, that was because you were rigging the markets. If it had been a fair market you probably would have failed."

"The money that is going in from the high street is going into the City gambling dens instead of being available to be lent to businesses and I think there is no choice now than to, by law, separate investment banking from retail banking."

July 3: MP Jonathan Edwards, Treasury spokesperson for Plaid Cymru (the National Party of Wales), condemned Chancellor George Osborne's announcement that there won't be a full public inquiry into the LIBOR scandal: "This is a scandal of conspiracy, theft and fraud at the heart of the financial industries in London... There is a structural and cultural problem

with the UK banking industry which requires a complete overhaul. Crucially, we need a complete separation of retail and investment banks (Glass-Steagall Act) which goes further than the recommendations of the Vickers Report.”

July 4: In an editorial entitled “Restoring trust after Diamond,” the *Financial Times* says that measures for restoring trust include separating the investment and retail parts of universal banks, and, for the first time to our knowledge, argues for a Glass-Steagall-style approach, as opposed to the Vickers ringfencing approach, as follows:

“...The clash between retail and investment banking has always been evident. What is now clear, however, is that the hard-charging, revenue-seeking investment banking culture predominates when they are pushed together. The more herbivorous retail banking ethos—with its emphasis on patient stewardship—is marginalised. This seems to lead ineluctably to the proliferation of socially questionable trading activities and abuses such as the Libor scandal.

“The government accepted the principle of separation last year when it endorsed the conclusions of the banking commission presided over by Sir John Vickers. This argued for an internal split rather than a total separation on the basis that the diversity of assets within a universal bank could be a source of strength at times of financial stress.

“While the FT supported those conclusions, we are now ready to go further. For all the diversification benefits, the cultural tensions between investment and retail banking can only be resolved by totally separating the two, on formal Glass-Steagall-style lines...”

July 4: In a panel discussion hosted by Jon Snow on Channel 4 News, Lord Paul Myners, former Financial Services Secretary in the Labour government of Gordon Brown, calls for full Glass-Steagall legislation to deal with the corruption of the banks.

His comments came during a discussion of evidence given the same day by Bob Diamond, erstwhile chief executive of Barclays Bank, to the Treasury Select Committee. Snow said to Myners: “Well, Paul Myners, there’s been the Vickers Report into banking, and yet Vickers wanted to ringfence the casino activities and the retail activities. But we can’t trust the bankers to respect a ringfence. If you have a ringfence, you climb over it, dig under it, or work your way through it. The

banks have to be broken up between retail and casino, agreed?”

Myners: “Yes, I do agree with that. I think the evidence of the last few weeks, and Diamond himself said that many of the problems that emerged in Barclays were within the ringfence as envisaged. Now the government has already diluted the ring fence that was proposed by Vickers, but the ring fence doesn’t go far enough. We need to go to what is known as a Glass-Steagall model, which is a complete separation...”

July 5: The *Financial Times* publishes a commentary by Andrea Leadsom, a Conservative member of the Commons Treasury Committee and a former banker at Barclays, saying, “The issue of a complete separation of retail and investment banking should also return to the agenda... It is right that the government should be the ultimate guarantor of retail deposits. But that guarantee should not extend to high-risk transactions.”

The paper also cites Pat McFadden, a Labour member of the committee which questioned former Barclays CEO Bob Diamond, saying: “Through Bob Diamond’s actions this [full bank separation] has been brought back on to the agenda. The question is whether the culture in hard riding investment banking sits easily with retail banking, which hopefully should be more boring.”

July 6: In an interview with the *Evening Standard*, Peter Hambro argues that while retail banks should rightly lend to the real economy and therefore operate with a government-backed guarantee of deposits, merchant bankers should live off their wits and operate only with unlimited liability, so that if they lose money they are fully liable.

“It’s this unlimited liability that made merchant— or investment—bankers more circumspect in the past because they put their balls on the block,” he said. “But most of today’s financial problems are because the investment bankers, using the balance sheets of the retail banks, don’t share in the pain. They don’t lose anything—and their culture has infected retail banking. They should never have been together and now they should be split, completely.”

According to the *Evening Standard*, Hambro thinks that the Vickers Commission on banking reforms for ringfencing the banks does not go far enough, and that Glass-Steagall-type separation might be necessary.