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## II. The British System vs. Ours

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ZEPP-LAROUCHE WEBCAST

# French President Buckles To Revolt Over Austerity and Globalist Climate Deal

*This is the edited transcript of the Schiller Institute's New Paradigm Webcast of December 12, 2018. A [video](#) of this webcast is available.*

**Harley Schlanger:** Hello, I'm Harley Schlanger with the Schiller Institute, welcome to this week's webcast with our founder and President Helga Zepp-LaRouche. Today is December 12, 2018—we're doing it a day earlier this week.

We're in an extremely exciting and dramatic strategic situation. The warnings of crisis are now coming out everywhere. We're seeing shifts in Europe, and potential for major change in the United States as well.

Helga, let's start with the situation in France. Macron has been knocked off his high horse in the last days: What's going on there?

**Helga Zepp-LaRouche:** President Emmanuel Macron, who came into office a little bit more than a year ago, failed to address the rage factor in the French population which had been building for many years—as a matter of fact, one can say, for decades. And when he started to implement the consequences of the COP21 Paris Climate deal, namely, to increase the taxes on gasoline and other fuels, the rage exploded. The attitude of the Yellow Vest movement—basically ordinary people, who can't make ends meet—as one of the Yellow Vest representatives said, was “the ecologists, they always talk about the end of the world, but for us it's a question of how we can make to the end of the month.”

Within four weeks, this movement grew. Even though some provocations to violence were mixed in,



*Emmanuel Macron speaking in Besançon, France during the presidential campaign, April 11, 2017.*

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that doesn't change the general character of this movement.

Two days ago, Macron was forced to reverse the entire neo-liberal reform program that he had implemented. That really shows that the neo-liberal paradigm is not working. The reaction to this was a total freak-out. The Italians, who had been harassed by Macron and Brussels—being told that they must not violate the EU Stability Pact rules about budget deficits (Italy wanted to run a 2.4% deficit and the EU imposed something like 2%)—quickly calculated that if Macron were to carry out all the promises he made in his big speech two days ago (increasing the minimum wage, increasing pensions, and not imposing these taxes), that would bring the French budget deficit to 3.4%. That

would go even beyond the Maastricht criteria, which are higher than those of the Stability Pact.

This means that every country that has suffered from the EU imposition of insane austerity measures, now feels strengthened to fight back. We should expect to see reverberations soon. The neo-liberal media has become unhinged: The German conservative daily *Die Welt* wrote, “Now Macron: Is France the new Italy?” basically saying that Macron is no longer a partner in solving the EU and euro crisis—he is now a threat. He is being accused—in almost unbelievable language—of crawling before the Yellow Vests.



CC/Sébastien Huette

*Yellow Vest demonstrators in the streets of Avignon, France on Dec. 1, 2018.*

### **Macron Did Too Little, Too Late**

This is an incredible situation! Many people on the scene, said what Macron did is too little, too late. The situation dramatically changed today—there was yet another terrorist attack in Strasbourg. A person, of allegedly Islamist background, went on a shooting spree in the city, and then went to the Christmas market, where three people were killed and another twelve wounded. He was shot at and wounded, but managed to escape in a stolen taxi car. Macron immediately declared a state of emergency in many major cities. Now, how that will play out with the Yellow Vest movement remains to be seen.

But it shows how the whole situation is absolutely unstable, and that the neo-liberal paradigm, which we have been discussing now for a quite a while, created the conditions for the Brexit, the defeat of Hillary Clinton, the election of the new Italian government, and the Yellow Vest movement. All of these are symptoms of the same thing: That you cannot violate the common good of ordinary people endlessly in favor of the very rich. In France, the rage is directed against the very rich and the president of only the rich, Macron. You cannot violate peoples’ interests forever without causing earthquakes.

This clearly foreshadows the demise of the European Union—the EU has proven itself to be absolutely incapable of reform. We can expect many more turbu-

lent days and weeks, and possibly months ahead.

**Schlanger:** I think there are two aspects of this which are worth developing a little bit more, because they do demonstrate something that you’ve been saying.

Number one: Austerity doesn’t function. And you’re seeing a total rebellion against these austerity policies of the European Union. In the United States, you have Republicans and Democrats both going with anti-austerity policies.

Secondly, the rejection by the French people of the Paris climate control nonsense. There was recently a conference, where I think it was the Russians, the United States—President Trump—the Saudis, and the Kuwaitis that, came out against these climate policies. This is part of the New Paradigm, isn’t it?

**Zepp-LaRouche:** Yes. It is the environment for the New Paradigm to develop. However, what is really required now is a mobilization for the solution. Because the other major danger is the big storm cloud hanging over us, the danger of a new financial crash. In a certain sense, the situation is more dangerous than in 2008, but it’s also more favorable because in Italy there is a government which has an active campaign for the implementation of Glass-Steagall. Italy is also joining with the Belt and Road Initiative and actively pursuing good

relations not only with China, but also with the United States. *And*, with Trump you have a President in the White House who is not exactly 100% in the pocket of Wall Street, even if there are many efforts to get him exactly there.

### Warnings Are Everywhere

The warnings of a new financial crash are absolutely everywhere. Former Federal Reserve Chair, Janet Yellen, said that all the parameters of 2008 are there. The corporate debt is twice as much as in 2007—it's now \$9.1 trillion. And even the *New York Times* of all places—one of the organs of Wall Street—warned of the new crash of 2019, pointing to many of the real dangers and some bogus ones. One of the real dangers is the student debt: Student debt in the United States is a whopping \$1.5 trillion—20% of which is non-performing loans. Many, many students cannot pay back their loans. The jobs aren't there when they finish their studies. It is expected, according to the *New York Times* that student debt will be 40% non-performing in just a few years. And that's just one of the many landmines.

The *New York Times* article is completely wrong, however, in lumping the Chinese debt into its description of the debt bubble about to pop. Because, contrary to the speculative debt, corporate debt, and student debt in the West, the Chinese debt is from credits extended for investments in the real economy, and therefore is of



a completely different nature, because it creates real wealth.

But apart from that, the warnings that a new crash is pending—one of the governors of the Federal Reserve, Lael Brainard, issued a similar warning in respect to corporate debt.

I think our mobilization for a New Bretton Woods is more urgent than ever, and I urge you, the viewers and listeners, to join the Schiller Institute. Join our mobilization to get rid of the casino economy and get a Hamiltonian credit system. Really put this on the agenda before it is too late.



European Union/Etienne Ansotte

European Commission President Jean-Claude Juncker and British Prime Minister Theresa May confer at the European Council meeting in Brussels, Dec. 13, 2018.

**Schlanger:** It's worth noting that when Janet Yellen stepped down as Federal Reserve Chairwoman, she gave an interview in which she said, "There will not be another crisis in our lifetime." And now she's saying, there are gigantic holes in the system, and as you point out, she pointed her finger at the corporate debt, the non-financial corporate debt. We also know there's an enormous amount of financial corporate debt, that is, the banks carrying these derivatives.

The crisis is continuing to smash through all the countries in Europe. There's a new phase in the United Kingdom—Theresa May faces a vote of no confidence tonight over Brexit. This looks like it could be an extremely important moment, especially in light of what you brought up last week about this

“Integrity Initiative” that is intervening in the United Kingdom against May’s main opponent, Labour Party leader Jeremy Corbyn. Catch us up on that, Helga.

**Zepp-LaRouche:** The Brexit vote was a rebellion against the imposition of EU austerity policies. Look at the incredible rates of poverty in Great Britain, the terrible condition of the health system, none of these conditions have improved. They have gotten worse. May might survive this confidence vote. If she were to lose the vote, none of the several Tory leaders named, seems to promise anything better. The Brexit vote has been postponed. When May went to Holland, Berlin, and Brussels in the last few days, which some newspapers characterized as “begging the EU” to change the conditions [of the negotiated Brexit], she got a flat “no” from the EU and from all the other governments she visited—so the Brexit vote still hangs in the air. She may be voted out of government today.

### Utmost Instability

This is a situation of utmost instability, and in the context of these warnings of a new financial crash, if there’s a disorderly Brexit, then the big question is, what happens to the derivatives markets in the City of London? And I should just mention one other factor of financial instability that shows you how dramatic this situation is. The shares of Deutsche Bank have fallen to EU7.24. Previously, it was said that an EU10 share price was the absolute red line, below which Deutsche Bank would go bankrupt, then that red line was moved to EU8. It is now expected that the share price will soon be EU6.50, and then EU5. For all intents and purposes that means that Deutsche Bank *is* insolvent, and the only option is a government takeover, because no one wants a merger with a bankrupt bank.

If Deutsche Bank were to merge with Commerzbank, which is partly a state bank already, and is also reported to be in big trouble, that merger, combined with the Brexit turbulence and the derivatives market, would show that we may be in for many real shocks, coming one after another.

The fact that all the so-called mainstream traditional experts are now warning of this new financial crash, really should wake people up—but not just to ask where can I save my money, can I go into gold, or some other speculative activities? It should really be clear that if there is a repetition of 2008, with all of the instruments of the central banks already having been used up, there

will be a danger of a plunge into chaos.

Therefore, let me say this again, the Four Laws of Lyndon LaRouche, my husband, must be put on the agenda right now: Glass-Steagall banking separation; national banks with the power of credit generation under the sovereign control of governments; and then an international credit system which will allow financing of large and long-term projects of the real economy, such as infrastructure, international development projects and the like. And there must be that kind of a change, because if that is not done *before* a crisis hits, the danger is really that an uncontrolled collapse will ensue.

**Schlanger:** You mentioned Deutsche Bank, the only thing that would work for that—forget nationalization or a bail-out—you need Glass-Steagall to separate out the worthless assets, and then put it through a bankruptcy reorganization.

Now, as we’re looking at this overall financial situation, we’re seeing positive developments coming from the special meeting between Presidents Xi Jinping and Donald Trump at the G20 summit, it looks as though this is moving on a very positive development track. What’s the latest on the China-U.S. talks?

### China-U.S. Talks

**Zepp-LaRouche:** It’s a little bit complicated, because there are both positive and negative signs. On the positive side, for sure, and this is also reflected in the whole series of tweets by Trump, after the summit between Xi Jinping and Trump, the trade negotiations are again on a good footing. Vice Premier Liu He, who is the major economic advisor to Xi Jinping, communicated with U.S. Treasury Secretary Steve Mnuchin and U.S. Trade Representative Robert Lighthizer, and it seems that the Chinese are now reducing their tariffs, especially on cars, from 40% back to 15%, which is the general tariff for all countries, not just the United States.

This seems to be moving in a positive direction, but there was an absolute provocation, where it seems that Trump was sort of caught off guard, because the U.S. Department of Justice requested Canadian officials to arrest the Chief Financial Officer of the Huawei firm, a producer of many electronic devices, smart phones, and so forth. She’s out on bail now, but she can’t leave British Columbia where she is. The Chinese officials reacted angrily, saying that this will not be met with indifference by China. Foreign Minister Wang Yi even said

that China will not allow this kind of bullying. That could be a disturbing factor, and it is really another case of this internationally illegal, extraterritorial implementation of U.S. jurisdiction, which is not accepted by other countries.

I think that that is very complicated and fragile.

At a meeting of a symposium of Chinese international development and diplomacy now taking place in Beijing, Chinese Foreign Minister Wang Yi again said that all of world stability largely depends on the relationship between the United States and China, because these are the two most important economies in the world; cooperation is good not only for the two countries, but for the whole world. If instead, they are on a confrontation course, not only will the two nations suffer, but so will the whole world. And then he called upon the United States to give up its zero-sum mentality and find the path to cooperation.

I think it's hopeful that Trump in a very recent tweet said that things are marching forward, expect announcements pretty soon—I hope that this will be a positive thing. But as I said, unless we really deal with the overall causes of the strategic instability—the pending crash of the system and the demise of the neo-liberal order—the danger of any new provocation leading to new crises and new complications will remain. Therefore, we need the big package of reforms.

**Schlanger:** And we're seeing very significant developments on the question of cooperation around the Belt and Road Initiative. There was the speech by the Italian Finance Minister Giovanni Tria about Italy's involvement in, and the importance of the Belt and Road Initiative; motion in Portugal, Serbia—this is continuing to march forward, and it's essential that the United States join this.

### **Pace of Belt and Road Initiative Quickens**

**Zepp-LaRouche:** Yes. If you look at the extremely quick pace of the integration of many countries with the



CC/Italian G7 Presidency 2017

*Yemi Osinbajo, Vice President of Nigeria at the 43rd G7 Summit in Taormina, Italy on May 27, 2017.*

Belt and Road Initiative, it is remarkable. And this speech you mentioned of the Italian Finance Minister Tria, I really think is very important. Tria, who was a young student in Beijing from 1977 to 1979, speaks fluent Mandarin. And in his speech, he pointed to the absolutely incredible transformation China has undergone in the last 40 years. I understand exactly what he means, because I was in China in 1971, and there is a huge difference: If you saw China before the opening-up initiated by Deng Xiaoping, namely in the time of the Cultural Revolution or when Tria was there in 1977, just at the end of it, it's really

two completely different worlds.

One was a China of poverty, complete underdevelopment, and in the political realm also a reign of terror with the Red Guards and the Gang of Four. And now you have a country which is completely transformed. and they just took a poll—it was a British think tank amazingly enough—and it found that 90% of the Chinese people absolutely look to the future optimistically; they think that China 10 years from now will be much, much better and more fully developed, and they have total confidence in their government.

I think that anybody who studies this seriously, cannot fall for this negative narrative which is coming from most of the geopolitically motivated think tanks in the West. But the countries that cooperate, that Italy,—Tria, in the same speech he made in Rome two days ago, pointed to the fact that it is the Belt and Road Initiative which is the driver for the Italian economy, to cooperate on all of these projects—infrastructure, science, ports, airports, just many, many areas—is extremely beneficial for the Italian economy. And especially including the cooperation in third countries, such as in African countries, Latin America and others.

I think, in a certain sense, that's the only optimistic direction you can see. And there were similar conferences in Algeria, as you said, where the authorities said that Algeria wants to be a transmission belt for trade between the rest of the world and Africa. Then you had



a big conference in Belgrade, which had the title, “Belt and Road Initiative in the Balkans.” In a certain sense, there is a lot of such motion going on. There was also a quite interesting conference in Berlin, where the Vice President of Nigeria reiterated on the question from you, Harley, that the Nigerian government is absolutely committed to the realization of the Transaqua project to refill Lake Chad.

You can really see that the world is divided into two kinds of patterns: One is just trying to keep the speculative system going, which is failing; and the other one is that of countries that are oriented towards the real economy, and they’re cooperating with China.

I think people have to choose: Do you want to be on the side of winning the New Paradigm or not, and I think one of the most incredible developments is, that just today and tomorrow, there is the arrival into lunar orbit of the Chang’e-4 mission to the far side of the Moon, the Chinese program which in a certain sense, makes China now the leading space power in the world, because no other country has yet undertaken to go to the far side of the Moon, which requires satellites as relay stations, and it’s a very exciting, new step for mankind

in the discovery of how our universe really works.

### China’s Moon Mission

**Schlanger:** And it’s really quite amazing to think about it, that the Chinese have leapfrogged beyond the United States, to take up this mission to the Moon.

Now, as we’re looking at the overall situation there are a couple of things I think we just have to mention, because they do represent the kinds of dangers and threats that we’ve been discussing over the last months. One is the announcement by Petro Poroshenko, the Ukrainian President, who was put in by this coup run by the U.S. neo-cons. Poroshenko has just signed something to end the Russia-Ukraine Friendship Agreement. This is very dangerous, coming on top of the intervention by three Ukrainian naval vessels into the Kerch Strait on Nov. 25.

**Zepp-LaRouche:** Yes. I think it’s very significant, because it basically takes away the basis for agreements of seafaring in the Sea of Azov and the Kerch Strait, so the danger is naturally that a repetition of the kind of incident that we have seen just before the G20 summit, which led to the sabotage of the planned summit between Putin and Trump, that that could happen at any moment.

And there is a big British intervention in Ukraine, namely the so-called Brigade 77—they are deployed into Ukraine, trying to support Poroshenko in the Presidential election campaign. This is one of the



World Economic Forum/Jolanda Flubacher  
*Petro Poroshenko, President of Ukraine, at the World Economic Forum in Davos, Switzerland, Jan. 21, 2015.*

## Ex-Trump Attorney Michael Cohen Gets 3-Year Sentence

ADAM KLANFELD and JOSIE RUSSELL December 12, 2018



opinion about it, but it has nothing to do with Russian collusion.

It is a fishing expedition, and I think the only remedy to stop this, would be the immediate declassification of all documents relating to Christopher Steele, to the FISA Court manipulation, to the role of the British, to the motives behind all of this Russia-gate. And I think that this is what is urgently required.

From our own interaction with Trump supporters, I think one can say very clearly that they need to get a little bit more mobilized. Too many of them are just sitting on the sidelines, looking at this, saying “how do we go? Will Trump eventually be gotten or not gotten?” They must understand that this is a moment of great danger, of great opportunity, but that they need to mobilize and demand the declassification, demand Glass-Steagall, demand that Trump be able to actually deliver on all of his election promises, including a

good relationship with Russia and China, but especially to rebuild the American economy, which is only possible with the Four Laws of Lyndon LaRouche. Because if you don’t make these kinds of changes, you can simply not finance the kind of buildup the American economy needs.

The Trump supporters must really get off their behinds. I think it’s extremely important that we are not complacent, that if Trump were to be ousted, which some of the craziest Democrats are still talking about, then naturally, this plunges us directly right back into the danger of a big confrontation with Russia and China, and possibly war.

So, *do not* be complacent and *do* understand the role of the British in this. Because too many people, including those who recognize that the British *did* have a role, they aren’t putting it together and they aren’t seeing that it is the old game of the British Empire, which has never accepted American Independence and have tried to undo it, ever since the American Revolution.

**Schlanger:** Thank you, Helga. We’ll see you next week.

**Zepp-LaRouche:** I hope so.

dangerous flashpoints in the strategic situation right now.

**Schlanger:** Yes. Another example of British interference in elections.

Now, on that, we have the latest on Special Counsel Robert Mueller, about whom a lot can be said, but I think the most important thing is just that he’s changing the whole narrative. Since they have nothing on Russia, they have nothing on Trump collusion, they’re now going after Trump on alleged payments to buy silence or to cover up affairs, and also for the machinations of his former attorney Michael Cohen to try to negotiate with some unknown entity in Moscow, to build a Trump Tower there, saying this proves that Trump was interested in working with Putin and getting money. It looks as though this thing is ripe for being taken down, doesn’t it?

**Zepp-LaRouche:** I think this is a fishing expedition if I ever have seen one, because obviously, in the entire one and a half years, or however long it’s taken, Mueller has been unable to prove *anything* concerning Russian collusion. And if the Trump team had business contacts with counterparts in Russia, this is not collusion, these are business deals. And these affairs with women and so forth, again, you may have this or that