

I. Economic Crisis

Live Dialogue with Helga Zepp-LaRouche

Banking Crisis Back with a Vengeance: It Was Never Really Gone

The video of this webcast is available [here](#).

Harley Schlanger: Hello, welcome to the livestream of our weekly dialogue with Helga Zepp-LaRouche, the founder and leader of the Schiller Institute. I'm Harley Schlanger; today is Thursday, March 16, 2023. And we'd like you to be involved in this discussion: if you have some questions or some comments, you can [send](#) them to us, or post them on the YouTube chat section.

Now, Helga, to begin with, on Tuesday, March 14, you released a [call](#) for an emergency conference to reorganize the bankrupt financial system. This is posted on the Schiller Institute website. It's been released in many languages for wide distribution. I'd like to begin by having you summarize what you called for, and what our viewers can do to make sure that this conference can take place.

Helga Zepp-LaRouche: I issued a statement calling for the convening of an emergency conference, to basically reorganize the bankrupt financial system. Because, as the bankruptcy of the Silicon Valley Bank and two other minor banks in the United States indicates, we are fully back in the outbreak of a systemic crisis, because the reason for the situation in 2008, which was a systemic

crisis, was not dealt with by the central banks. They did not remedy the root causes of the bankruptcy of the system, but decided to go for quantitative easing.

For 15 years, there was a reckless pumping of liquidity into the system, called "quantitative easing," zero interest rates, even negative interest rates, and that system has now exploded, naturally, in combination with a few other mad economic decisions, such as the relentless sanctions against Russia and other countries; but especially the sanctions against Russia have completely boomeranged, and you have a big blowback by an increase in energy prices.

So, all of this came together, and now we are basically in a situation where—if the central banks are trying to combat that inflation by raising the interest rates, you could have what Bill Cross, who is the former head of PIMCO, called the "supernova phenomenon"—that you could have a chain-reaction collapse of the entire system, basically, where you have the indebted firms in the so-called industrialized countries, the capital flight out of the emerging markets, leading to a chain-reaction collapse.

Now, that is a very real possibility, and the fact that President Biden immediately said the banking system is sound, and then also the German Economics Minister Robert Habeck said something similar; he is an



CC/Minh Nguyen

With the bankruptcy of Silicon Valley Bank and two other minor banks in the U.S., we are on the brink of a systemic crisis outbreak. Shown: Silicon Valley Bank in Santa Clara, California.



White House

On national television, President Joe Biden told Americans the banking system is sound.

author of children's books, and thinks that the world should be whatever he wishes, but unfortunately that's not the real world. So, if the Scylla of hyperinflation is avoided, the Charybdis of the collapse is the other option—and there is no solution within the system.

So, therefore, I have called for an emergency conference to be convened, since it affects the whole world, by the UN General Assembly. If they cannot do it, because some countries are opposing this approach, there is the G20, which should be representative of the world population. And if they can't or won't do it, some other responsible body should do it, like the BRICS-Plus, which is now about 20, 24 countries that have applied for membership, the SCO (the Shanghai Cooperation Organization), the Eurasian Economic Union, the African Union, ASEAN—a whole combination of such organizations could get together and say that they declare a goodwill action to solve the problem, because confidence is extremely important in a situation like that, and that such an emergency conference should be convened.

And one of the aspects of it, should be the application of the Four Laws of Lyndon LaRouche, who foresaw this a long time ago, and suggested four basic measures which would fix the system: first, to have a global Glass-Steagall banking separation; second, to have a National Bank installed in every country, to put the credit creation under the sovereign control of governments; third, connect all of these National Banks into a

new credit system which should have the main purpose of issuing cheap credit for long-term investment into infrastructure and industrial projects in especially the Global South, with the aim to increase the living standards dramatically of the population of the Global South, and the poor in the so-called North. And then, also invest in high technology to create an increase in the productivity of production, which is urgently necessary.

So that is my proposal, and we have circulated it widely. We have translated it, as you mentioned, into many languages. And I would hope that that is encouraging and contributing to the decision of some governments to go in this direction.

Now, for people who may be surprised by what is happening, I can only suggest watching an historically important [video](#), made on July 25, 2007 by Lyndon LaRouche, who, after the tremors of the real estate market in the United States had started in 2007, one week before the whole thing really started to go into collapse, suggested measures to be taken. He said: Look, this system is absolutely finished, there is nothing you can do. All you will see from now on is how the different aspects come to the surface. And then he suggested the Homeowners and Banking Protection Act, which, if it had been implemented at that time could have stopped it, but it was not implemented.

That led to the 2008 crisis, the Lehman Brothers/AIG crisis, and for a short moment, then, people were talking about the need to have a New Bretton Woods, a new credit system. But that didn't last very long, and then very soon, at the next G20 meeting in November 2008, the decision had already been made to go for the quantitative easing, and that's what we have seen for the last 15 years.

And now, this has come back with a vengeance, and that is why we absolutely need, now, such measures, or else, we are looking at potential chaos of unimaginable dimensions. So, I would like you to look at this [statement](#). I made a short video about it; the text is available on the Schiller Institute website—and help us to circulate it to all responsible institutions, governments, parliaments, other institutions that are concerned with the state of the economy. I hope that we can really generate such a change before it is too late.

Schlanger: I think one of the most important points you made is that there's no solution within the system, and I think people have to let that sink in, and realize that's why we need some fundamental change.

Helga, not surprisingly the first questions are on the bank crisis, and the present financial panic. And we have from Jim Stamps, he asks: "Without Glass-Steagall being brought in, do you think Title 2 of the Dodd-Frank Bill," which is the bail-in part, "will be in full force, where the banks can steal one's checking, savings, lockbox [contents], stocks and valuables? And also, do you think there'll be a run on the physical economy by the banking, energy, food, and health cartels?"



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Exchanging a big smile with Rep. Henry Steagall, President Franklin Roosevelt signs the Banking Act of 1933 (the Glass-Steagall Act). Second from left is Sen. Carter Glass.

Return the Common Good to the Agenda

Zepp-LaRouche: The problem is that as long as you have the power of the speculators, and unfortunately, what we have seen with the paradigm shift in the last, really, decades—the erosion of Glass-Steagall, already in the 1980s and '90s; the final abandoning of Glass-Steagall in 1999; and after that, an increase in deregulation, whereby basically, politics, the parliaments, the Congress, they became more or less instruments of these financial interests. And they made all the laws in such a way that the speculators would come out on top.

That is a mechanism which needs to be broken. And given the fact that the present Congress cannot, in my view—if I'm mistaken, I would be very happy—but the present Congress cannot be expected to do what Frank-

lin D. Roosevelt did in 1933. As I said, if they do it, I would be happy to say I was erroneous. And that's why I think you need an international action of governments, that basically put a system into place where the common good is back on the agenda. And that means, among other things that the power of the cartels has to be broken.

If you talk to the farmers in the United States, or Holland, or Germany, for that matter, they're telling you that there are laws being implemented right now which mean that agricultural production will be halved, or cut to one-third. And that is all on the order of profit-maximization and that is definitely something that has to be changed, and that does require many, many different steps. But what I'm suggesting is the absolute first precondition to prevent a collapse of the system.

Reject Decentralized Digital Financial System

Schlanger: Our next question is from Sue, who essentially says she's concerned about the totalitarian implications of a move toward a central bank digital currency system. So she asks, "Is it possible to create a decentralized financial system, using a digital currency, not by central banks, but that would do away with the control of our communal energies by the money-swindling system?"

Zepp-LaRouche: Well, I think that that is not the right way to go, because there is, right now, an effort to introduce all kinds of currencies—cryptocurrencies, digital currencies—which all have the effect to basically move it away from the control of national sovereign governments, into private hands. And that is the basic flaw which has occurred in the last, basically, last 50 years. One can say, really, that since the assassination of John F. Kennedy, there was a step-by-step deregulation leading in this direction already. And that is exactly the problem, with the central banks, right now, we have private institutions that control credit, and this has been accelerated in the recent period, by the kind of transformation which has been promoted by the World Economic Forum, by the annual Jackson Hole central bankers' meeting in Wyoming.

So, the opposite has to occur.

Now, there is an effort to create a new alternative currency, based on commodities and based on a system of national banks. That is not yet completely ready, but this is an effort which is being made, as a result of weaponizing the U.S. dollar by confiscating assets of other countries, like \$300 billion from Russia, \$10 billion from Afghanistan, sums from other countries.

And what did these countries do as a consequence? They decided that it was too dangerous to keep assets in dollar denominations, and therefore, they are creating a de-dollarization, by moving trade into their national currencies, with the idea to create a new, international currency, not based on monetary values but based on commodities. That is not yet totally finished, basically because there are all kinds of obstacles, like the sanctions against Russia which make the ruble a difficult currency; then also, the general condition of the developing countries, where some currencies are not fully convertible, like the renminbi, or the rupee. That can all be solved.

But it may be now a situation where these countries will have to speed up their steps.

And I know that these countries will do this, no matter what. If the West is trying to block this, and trying to contain it, it can only lead to a catastrophe. The wise thing would be that Western countries—European countries, the United States—signal that they are willing to cooperate, and that would really solve the problem. But I think that does require some pressure in the countries of the West from constituencies, like farmers, trade unions, entrepreneurs, CEOs of small and medium enterprises (SMEs)—people who are interested in the physical economy. And that does require a major mobilization, and that is what we are trying to encourage.

Schlanger: On that, we have a question from the chat room: “Are there any notables, yet, who have signed on to support your call?” and the person suggested maybe you should try Ron Paul.

Zepp-LaRouche: Well, I’m perfectly happy to invite Ron Paul. The problem is that some people believe in the Austrian school of economics, which rejects the role of the state. That needs to be discussed, because in a crisis like this, the state is practically the only institution which can intervene. I’m not entirely sure—I know that the statement has been put out in many languages, and I only

got reports that there was a lot of support in Latin America, in many countries. But it’s a little bit too early, since it’s only two days since I issued this call, and I think we have to see what we will generate in the next days.

Schlanger: The viewers can help us to get notables to sign, by just contacting people you know who have an interest in this.

What About Russia’s Banking System?

Also from the chat, Helga, from Hugo: “Banks are not failing in Russia. Could it be that in the West, it’s just that corrupt?”

Zepp-LaRouche: Well, there are some problems in Russia as well. And that has been recently underlined, again, by Sergei Glazyev, in an interview, where he said that the Central Bank still has an undue importance, which comes from the Yeltsin period, when Yeltsin was very cooperative with the demands of the West to deindustrialize Russia and to go for a liberal economic system; that has not entirely been remedied. But in general, I would say that the general condition in Russia is better.

I think, there is no transparency in the West! Look at all the scandals which happen, starting with the Bernie Madoff scandal, with the various manipulations: There has never been a banker put in jail! There was no Pecora Commission, as Roosevelt had introduced it to investigate. This is still a very, very big gray zone, and therefore, we are kept sitting on a powder keg. I think a Pecora Commission, or something like that would be absolutely urgent.

‘Why Go into Space?’

Schlanger: This is a question from John Shanahan, a civil engineer, who asks: “Why is the Schiller Institute focused, at the same time you’re doing many good things on Earth, but why are you setting a priority for the nearly impossible tasks of sending earthlings out into the Solar System, with fusion nuclear power?” And he says, “This seems to be high expectations. There is enough hydrocarbon fuel, so why are you proposing these seemingly utopian ideas?”

Zepp-LaRouche: Well, because we are human, and the very characteristic of human beings is that we are progressing, and that we can discover new laws of the physical universe. And to use thermonuclear fusion as a



Convair/General Dynamics-Astronautics

We go into space because we are human. Working from his idea of the Extraterrestrial Imperative, Krafft Ehrlicke developed the rocket for NASA's Apollo missions. Here he is shown discussing Outpost I, his concept of an orbiting space station.

propulsion will be the way we will make space travel possible. There is no way that astronauts can safely travel to Mars, or even beyond that, using traditional kinds of fuel, because it just takes too long.

Space is really important; people who have pooohooded the idea of space travel or a city on Mars, or even a village on the Moon, they have been proven wrong, and now you have several leading space nations all going in that direction; last year we already had rovers flying around Mars from three nations, landing there. And that was China, the United States, and the United Arab Emirates.

And the idea of going into space is what will get humanity off the ground, or get their noses off the ground, that we are not earthlings. As long as you are stuck with just one planet, you are so susceptible to all the wrong ideas, like there are limits to growth. This ideology could have only gained ground because people thought about one planet Earth. The moment you start to think that for a human being even to lift off the surface of the Earth, just to overcome gravity and go into space—not even landing on the Moon, just lifting off the surface of the Earth—was a gigantic step! It meant that you could develop infrastructure from just developing infrastructure on the continents of the Earth, into nearby space.

If you look at the visions of Krafft Ehrlicke, who was a German-American space pioneer; he developed the rocket of the Apollo mission. And he had beautiful de-

signs about building a city on the Moon, as a starting point for space travel. He developed the notion of the Extraterrestrial Imperative, which basically was the idea that there is a need for man to eventually conquer space and colonize space, which will have an incredible impact on our behavior, because it forces humanity to put their action into cohesion with the laws of the universe. Because if you are in a spaceship, you cannot just have a freakout and step outside and take a joint—it may not be good for your health if you do that. It forces you to be rational. It forces you to be in cohesion with the lawfulness of the universe. And I think that is the future of humanity.

Anybody who looks at the results of first, the Hubble Space Telescope, which discovered that there are 2 trillion galaxies out there; and now the incredible pictures from the James Webb Space Telescope, bringing the question of what is our universe, was there a big bang or not?—all of these questions are mind-boggling. And I think the more people think about this and think about what is the role of humanity in that very vast universe, the better for their mental health.

‘Will Germany Break with NATO Over Nord Stream Sabotage?’

Schlanger: Helga, here's a question for you from Deutschland [Germany]: “There was a parliamentary motion for an investigation of the Nord Stream pipeline sabotage that was shot down in the Bundestag yesterday. While everyone knows Russia was one of the targets, Germany and Europe were generally the other targets of the geopoliticians behind this. Is there any chance for a break of Germany from NATO?”

Zepp-LaRouche: It does not look like it right now, but I think the hysteria with which all parties reacted to this inquiry of a parliamentarian from the Alternative for Germany (AfD) party, is really telling. Because it is a fact that the story which was unearthed by Seymour Hersh—and he had such an incredible closure—he had all the places where the divers were trained; he had all the details of what technical means were necessary to plant these explosives; who has the capacity? So that was a story which is so absolutely credible that for the



Danish Defence

Hundreds of thousands of tons of methane bubble to the surface at one of the explosion sites on the Nord Stream pipelines in the Baltic Sea. If there is no investigation and the culprits are not identified and brought to justice, no major infrastructure anywhere is safe from attack.

German parliament not to want to investigate that, and to have, instead, a completely hysterical outburst by everybody, that anybody who even asks questions about who was behind this explosion, is a “Putin agent,” is “anti-American,” is a “conspiracy theorist.” I mean, that’s just completely ridiculous!

And it’s not believed by the general population. We are in contact with people, people in eastern Germany, for example, who are now going bankrupt because the Nord Stream cheap gas is no longer available, and many others—I don’t think this will go away.

And I think also, the fact that many governments around the world are continuously asking questions, why do they do that? Because, if this sabotage is not clarified and the culprits are not brought to justice, the danger, naturally, is that any major infrastructure around the world could be the target of a similar attack. If you don’t know who did it, it can be done again, and that would be opening the sluices to complete chaos.

So, I don’t think this thing will go away. I know that Russia is insisting that they be part of an investigation, which is absolutely legitimate, given the fact that they have a big economic interest in the Nord Stream pipelines. But I think, also, increasingly, other governments are demanding the same. Seymour Hersh has said he has a couple of more shoes to drop, so we should expect that this is not going to go away.

If it turns out that it was the United States in cahoots

with Norway, what happens then to the EU and to NATO? I don’t dare to make a prediction, but the likelihood that the trust in these bodies will completely evaporate is very high.

On the Ethics of Genetic Modification Experiments

Schlanger: I think we have time for a couple more questions. This is an interesting one from Alejandro, a biology student in Mexico. He asks about new experiments being carried out in gene modification, as in the case of the Chinese twins that were modified with a genetic technique to cure them of AIDS. He asks, “What kind of ethics do we require, so that kind of research doesn’t escape our control?”

Zepp-LaRouche: Well, that is a very difficult question, because obviously, it’s one thing if one tries to improve vegetables and food and things like that; and the question of finding remedies for human diseases, obviously is a tremendous challenge. I mean, if we will have breakthroughs in medicine, it will require that we answer the question of what is life? How does it function, in a much more fundamental way than has been done so far.

Obviously, this is very difficult. But with all technologies it is always the question, what is the human being who is doing it? For what purpose? You can use anything for good reasons, for good ends and for bad ends, and I can only say, there are so many new technologies, starting with artificial intelligence, starting the biochemical techniques. You can see, if people regard that as a threat, or not, and trust their government or not, that is the big difference. That is why China, for example, it was amazing: during the pandemic, artificial intelligence and digitalization was tremendously helpful in tracking and containing the pandemic; and people felt comfortable with it. And that is very clearly because the majority of the population does trust their government. While in the West, people are extremely wary about the application of similar technologies, because they don’t trust their government. There is a huge difference.

I can only say that there is no way that technological progress, scientific progress, can be contained. It simply will not happen. All we can do, is to find a way that we

can improve the character of the human species, and that is why the Schiller Institute has always put such incredible emphasis on why a cultural renaissance of the Classical tradition is absolutely important. Because if you don't have the idea that human beings should improve through lifelong learning, through the ennoblement of their soul, through the education of their emotions, that the emotions should develop on the same level as their mind, their reason, all of these things are part of a healthy society.

And naturally, that is completely rejected by the liberal society, which says, everything goes, everything is allowed, and they call any government which has the obligation for moral improvement, they call "autocratic," "dictatorial."

Now, when the society in the West functioned, it had similar principles, that people should become better! Christianity, other great religions, have the demand that people should get rid of their sins, and improve, and also not bury the talents they have received, but should develop them. So, we need a lot of discussion about that, and I can only say that we really must take responsibility for the moral condition of the societies in which we are living.

Was Silicon Valley Bank Collapse Done on Purpose?

Schlanger: Helga, let's go back to banking for the final question: someone wrote in, "Do you think it's possible that the high-profile collapse of the Silicon Valley Bank was done on purpose, so the Big Six banks can buy them out to get access to the deposits?" The questioner is talking about the expectation that other regional banks will fail.

Zepp-LaRouche: I don't think so. Look, what happened yesterday was that Credit Suisse, which is one of the big banks, "too big to fail," got into such trouble, they lost 40% or I forget the exact figure, and now they're requesting a bailout from the Swiss National



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Under the direction of the National Bank of Switzerland (shown here), UBS, Switzerland's biggest bank, took over the failed Credit Suisse bank on March 19, 2023.

Bank of the equivalent of €50 billion. Now, that is not exactly fitting the model you are describing there: the problem is really that *all* the banks are equally exposed, and there is no way that you can save this system. If you want to bail out all of these banks, you would have hyperinflation, and that is what we are on the verge of, and that is why the European Central Bank, today, did not dare to stop the increase in the interest rate!

You could have expected, after the Fed went very rapidly to the 5% interest rate in the United States, and the European Central Bank was at 3%—which already showed you that given the fact that inflation in Europe is much higher than in the United States—if people would be rational, the interest rate in Europe would be higher than in the United States. But not so. But obviously, if people would be afraid that the increase in the interest rate is triggering more such collapses like Silicon Valley Bank, then they would have maybe made a pause. But the ECB did not dare to make a pause: they increased the interest today, by another 50 basis points, going from 3% to 3.5%.

That brings up the question that there is some much, much bigger problem looming in the banking system. And that is why, I can only ask you: Circulate my emergency conference request as far and wide as you can, and do it quickly, because we are in the middle of a storm which will not go away in any way, unless you have a fundamental reorganization of the system.

Schlanger: I'd like to thank everyone who sent in questions and comments. I think it's an interesting process we've launched here. We have occasional technical problems, but we'll get to them. Keep these questions coming. For those who want to follow up what Helga just said, her [call](#) is available both in written and in video form on the Schiller Institute website. Helga, thanks for joining us today; we look forward to our visit again next week.

Zepp-LaRouche: Yes, hopefully, till next week.