

IF EUROPE GOES, SO DOES THE U.S.A.

## Europe's Only Chance for Survival

By Lyndon H. LaRouche, Jr.

*LaRouche issued the following emergency statement July 11, in the course of a policy review with colleagues on both sides of the Atlantic:*

What happened with Tremonti's ultimatum to the prime ministership in Italy means that Tremonti has tipped the wagon.<sup>1</sup> He's made a proposal, which if he were to be fired—Tremonti—that would collapse the entire European system in a chain reaction collapse. Now, I've had some conversations with Tremonti in the past, and these are not irrelevant at this moment.

Now, what's happened is, the whole system of Europe, economic financial system of Europe, is rotten to the core. There is no way this system could survive. The only question is: Is the collapse going to occur overnight, or sometime near that? This is the end of the system; and if a wrong move is made, a wrong choice of move is made, the whole world will go very soon—in a matter of days—into a general collapse.

Now, *I'm the one*. I'm the gravedigger of such follies; that is my function. And I'm not going to use a shovel; I will use a steamroller. What that means is, we are going to do the following: The situation of Europe is absolutely hopeless with the present system. We've now reached the point of a total breakdown crisis, because the whole system has reached a point which I knew was going to come. It's going to collapse one way or the other.

The only way it could be rescued would be by the United States, because the present European system has no provision for dealing with a crisis like this. A game had been played, particularly by the British and by Wall Street. A game had been played, which has now blown up, and they're trying to hold the thing together with baling wire or something. We have the solution.

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1. In a July 9 interview with the Milan daily *Corriere della Sera*, Italian Finance Minister Giulio Tremonti warned that if he were to be fired by Prime Minister Silvio Berlusconi, it could bring down the entire euro system.



European community/Christian Lambiotte

*Italian Finance Minister Giulio Tremonti “has tipped the wagon,” LaRouche writes, by warning that if he were to be fired, the entire euro-system would go down in a chain-reaction collapse.*

First of all, Europe has the same kind of problem that we in the United States have—the same *type* of problem, not exactly the same *kind*, but the same type. There’s no way that this system can continue to exist, because there is no way, at the same time, to increase the debt—the worthless debt—as an obligation to crush the physical economy of Europe and the United States, and elsewhere. There’s no way you can liquefy this process. None. You have to wipe out vast amounts of the current debt. And obviously, we’re going to wipe out the useless one, the purely parasitical one, and we’re going to use as an ingredient the model of Glass-Steagall.

Now Glass-Steagall essentially takes all the garbage, all the debt garbage in Europe of the type we can not pay, and we’re going to give it to the relevant merchant banking system. “It’s yours! It’s all yours! You wanted it; now you’re getting it!” Nice? Sweet? Oh, it’s sweet. You don’t know how sweet this is; you have not yet assimilated what I’ve thought about this. You will soon, with our help, just to make sure you all have a fair chance at giggling.

The time has come for that, because if Europe goes, the United States goes. If the United States goes now, Europe goes. Therefore, they *have no option*. Behave, or die; that’s their option. And they have no remedy for it; no solution, except an attempt at dictatorship. And dictatorship will blow up dictatorship. Because the at-

tempt at scrambling and establishing it will cause confusion, and the whole thing will disintegrate. In this moment, if we have the will and capability, we’re going to change the world. The time has come! Numbers don’t count! Policy counts; the policy that represents a solution is what counts.

This system can not live any longer. The death knell has sounded; the death rattle has sounded. And all the fools who have ever opposed us—we’re laughing at them. Damned stupid fools! You thought that you were smart; you knew how to do something that we didn’t know how to do. Well, you’ve just learned your lesson. You never had it.

So, the first item will be a statement of the policy to deal with the present world crisis as now being detonated—both from the President of the United States currently, with his idiocy, in synchronization with a crisis in Europe which is the most deadly crisis that Europe has experienced since World War II. It’s on now; tonight and tomorrow. The drums are beating, the game is over, and we know what to do; at least I do.

### **The Solution: A Credit System**

What we have to do, is, in place of the present system, we have to establish a credit system in the world. Why? Because the only way you can save Europe is, you have to do a Glass-Steagall-type action first.

That’s only the first step. The Glass-Steagall-type action means that whole categories of debt are given to a merchant banking system to see if it can eat it. It’s no longer the responsibility of the institutions of governments. It’s thrown away; it’s gambling debt, it’s “Boardwalk” money, it’s coupons for play money—coupons which are now being called value. Burn it!

All right. So, that’s number one. Europe has to take a Glass-Steagall-type standard immediately, otherwise it can not solve this problem. No possible solution. Most of the assets, so-called, are fake. They are nominal paper with no backing, except the ability to loot and kill people in Europe and elsewhere. You’ve got a choice: You want to kill people? You want to mass murder people, in order to try, futilely, to defend these values? You want to try to set up a dictatorship where there’s no value to buy the instruments of dictatorship?

Europe could not survive that operation, because the amount of debt, of worthless debt, far exceeds other needs, and far exceeds the assets. So, therefore, what they have to do is, Europe has to go into bankruptcy. You’re going to have to destroy those fake assets. You



EIRNS/James Rea

Only if Europe adopts a Glass-Steagall reform, in parallel with the United States, can we save the Trans-Atlantic region. Here, BüSo organizers campaign against the bailouts and for Glass-Steagall, in Potsdam, Germany.

can not bail it out with real money; you can not bail it out with the lives and bodies of people; can't do it. If you try to do it, Europe ceases to exist; it goes into chaos, into a Dark Age beyond anything you ever dreamed of before. And that situation is right now. So therefore, what's the remedy?

Europe, if it cancels all the worthless debt, will be bankrupt. What's the solution? The Alexander Hamilton solution, as practiced on the Constitution of the United States. We cancel the trash, we honor the legitimate debt that is in a legitimate form, and we utter a credit system in which we move the debt of the states, the legitimate debt of the states, the legitimate debts of the nation, which are now located in the states, the same way we moved it into a credit system, the same way as was done in the formation of the U.S. Constitution. That's what works; it's the American System, the *real American System*.

Now, in that way, we can survive. Why? Right now, the amount of actual fungible credit represented by the existing debt of the United States, can not be paid, can not be sustained *unless* as under a Glass-Steagall provision, which is what the U.S. Constitution already had

before Glass-Steagall existed.

At that point, we now have an entity which is not money. It's a denoted debt of a credit system, not a monetarist system. The debt of the United States no longer depends upon money. This is what the United States was constituted to be. This is the difference between the United States and Europe, and has been ever since that discovery. So therefore, Europe can not survive. Well, unless they should happen to join the United States in a similar policy like a Glass-Steagall for Europe.

All right, so therefore, Europe is bankrupt. Now, how can they deal with this problem? Well, if the United States has taken the Glass-Steagall reform, which throws all this garbage out there, and says, you go out to Wall Street, and say "Hey! I've got good news for you! *You can own it all yourself. We have nothing to do with it. We don't pay it; we don't owe it. It's not ours. It's yours! All yours! Wall Street, see if you can eat that. If you can't eat it, stuff it!*" That's the basis of the thing.

Now, if we have a Glass-Steagall reform, if Europe has a corresponding measure or reform, we can save the transatlantic region, very simply. It's through a credit system of the type described by Alexander Hamilton in composing our Federal Constitution. In other words, we get rid of the crap! Take the crap, the unpayable crap, the worthless crap in the system—it's speculative money, that's all it is, pure speculation. Gambling money.

Ah! Now, therefore, how do we solve the problem? Europe can not come out with a balance of credit sufficient to maintain European industries and agriculture and other things. What do we have to do? We have to get a fixed-exchange-rate system, the Roosevelt fixed-exchange-rate system. That solves the problem. Because what we're going to end up doing is, we're going to discount all the debt which is inflated debt, by the equivalent of a Glass-Steagall system. We just take all that crap—that's not legitimate debt.

### Increase Productivity

So therefore, by reducing the liability of Europe, we can afford to help bail the bastards out. And we can bail out the United States. Which means, we have to go to work, because we have to start producing in order to cover what is the indebtedness, occasioned by continuing operations of our nation.

The obligation we have to maintain is, we have to maintain essential physical functions of the nation. Anything else is just a question of debate; it's a question of discretion. If we increase our investment in nuclear

power, we can get more credit. If we get thermonuclear power, we can get *still more credit!* If we could get to a matter/anti-matter reaction—Oh! A tremendous amount of credit. Because the productivity per capita, and per square kilometer of the territory of the United States—as in Europe—will suddenly soar! So therefore, we can fund almost everything, if we supply the technological improvement, investment in productivity of that nature. It really is not a problem.

The problem is, if you believe in money, in a monetarist system, you are screwed. You have to give up the idea of a monetarist system. You have to give up Adam Smith, or put him where he belongs, because with an Adam Smith system, you can't save the world; you can't keep the world alive. Adam Smith is finally, long after his stinking death, is finally going to come to his final resting place (we hope not in our neighborhood).

Therefore, we are going to a *physical economy*, in which the productivity, *physical productivity* and equivalent per capita, will be the basis of the economy. That's the nature of a credit system, a Hamiltonian credit system with national banking. And the national bank is the repository, chiefly, of the credit system. And from the national bank you develop and back up the other banks which meet the standard of banks, real banks, commercial banks. And you also include with commercial banks, certain other kinds of banking which is not of an interest-bearing quality in the normal sense. As we did with the lending, with the housing project, the savings and loans, which was killed under the Carter Administration. So we restore this capability.

Now, with one simple reform, or combined stage of reform, by establishing a credit-system reform in Europe and the United States, by adjusting the credit structure on a production/productivity basis, with an anticipated committed productivity basis: nuclear power, you get a bonus; thermonuclear power, you get a bigger bonus. Matter/anti-matter reaction—you get it to work, you get a bigger one. High technology, new kinds of rail systems to replace crowded, congested automobile routes. All these things increase the value per capita and per square kilometer of production of the economy.

We're going to make a revolution, and they either accept it, or they die. And that has to be made clear to them. The time has come for a good revolution—this one. A global fixed-exchange-rate system in which the question of actual physical productivity per capita and



NRC

*There is no problem finding the credit to rebuild our economy, LaRouche writes: "If we increase our investment in nuclear power, we can get more credit. If we get thermonuclear power, we can get still more credit! If we could get to a matter/anti-matter reaction—Oh! A tremendous amount of credit." Shown: the Callaway nuclear power plant, near Fulton, Mo.*

per square kilometer is the standard of measure of value. If you're producing, boy, you owe us. It's that simple. If you're producing high technology, you're increasing the investment and the development of our population, its creative and productive powers, and you get a bonus. Because the Federal government must then judge the relative productivity, physical productivity embodied in investments. And pre-assess the value of these investments for a credit system, accordingly. And you will find that, per capita, you will increase the total amount of debt. But your productivity increase will more than balance it. And that's the system. It's that simple.

### **Mankind's Immortality**

The other thing we have to do is a deeper consideration. You can not have a system which assesses value on what somebody does in their own life. You have to assess the immortality of the soul, essentially, which is based on the increase of the productive powers of labor, particularly when it comes to money terms. The value of the individual person, as expressed in the development of their creative powers, and the value of the future, even after you're dead, that you represent for having contributed to make that future possible. Therefore, there will be inheritance. The inheritance of the yet-to-be-born by those who are working. These are very elementary principles. They involve a deeper understanding of technology, how it works and so forth; that's all there.