

Urgent Measures for Defending The General Welfare in Germany

by Helga Zepp-LaRouche

The chairwoman of the Civil Rights Solidarity Movement (BüSo) authored the following call on Sept. 28 to the Federal government, the Lower House of the German Parliament (Bundestag), and to all citizens, to defend the General Welfare in the current financial crisis. It is being distributed as a mass leaflet. The text has been translated from German.

While the tsunami emanating from the collapse of the U.S. mortgage market proceeds through the whole global financial system, the central banks are resorting to medicine that briefly gives the ailing patient rosy cheeks for one last time, but will only make his approaching end all the more violent. Yet soon everybody will realize: The rosy cheeks were not a sign of health, but rather the glow of a deathly delirium.

The medicine of the central banks has precisely this character, if they react to the credit crunch arising as a consequence of the crash of the mortgage market and promises of payment that can no longer be met, with interest rate reductions and liquidity injections of three-digit billion-dollar sums. Say hello to Weimar 1923—only this time on a worldwide scale.

The head of the Federal Reserve, Bernanke—also known as “Helicopter Ben,” because he promised in an emergency simply to drop money over cities from helicopters, if bank failures threatened—is living up to his name. In a futile attempt to attenuate the collapse of the U.S. mortgage markets and its effects on banks, hedge funds, and venture capital companies, he lowered the interest rate of the Federal Reserve by half a percent to 4.75%, and at the same time began, just like the European Central Bank (ECB) and the Bank of England, to make billions of dollars available to save the banks and the hedge funds. Besides the hyperinflationary consequences of this pumping of liquidity, as a result of the lowering of the interest rate, the dollar went into free fall, and as an intermediate result reached an historic low point.

While the central banks in the past rejected any credit creation for stimulation of the real economy through the creation of productive employment, with the argument that their most urgent task is the protection of the stability of currencies, they now obviously have no qualms about igniting hyperinflation to save the banks and the hedge funds. But everybody knows that the erosion of purchasing power effected by inflation is the cancerous malady of modern monetarism. As most people in Germany know from the accounts of their grandparents and great-grandparents, who experienced 1923, hyperinflation

means that the savings of the so-called little people are devoured. This is obviously assumed in the slogan: “Profits are private, but the taxpayer can bear the losses from high-risk transactions!”

The fact that, at least temporarily, the finance ministries, central banks, and financial institutions have agreed to make yet another attempt to save the casino-economy, only shows how hopelessly incompetent and irresponsible the representatives of these institutions are. For the world owes principally “Mr. Bubble,” Bernanke’s predecessor Alan Greenspan and his “creative financial instruments,” for the fact that today, the dimension of payment promises to be redeemed, exceeds the Gross National Product of the entire world by several orders of magnitude. Through the absurd practice of counting unpayable accumulated debts as capital assets, and thus as the basis for new credits, the total indebtedness of the system has reached a volume, which makes the budgets of all states taken together seem like the petty cash of a large company.

The American economist Lyndon LaRouche has identified the issue: It is not possible to save the banks *and* the hedge funds. But since the real economy would likewise collapse without a functioning banking system, the state must intervene to protect the banks and the essential areas of the General Welfare.

Also at the risk of violating the rules of “political correctness” in Germany: The very existence of Germany is in danger without the implementation of the measures (proposed below) for the erection of a protective wall for the areas of the public welfare.

Particularly in periods of extraordinary crises, the sovereign nation-state is the only institution that can protect the General Welfare of the population. Even if the governments of the G-7 states have met this obligation completely inadequately until now, nevertheless the oath of office specified in the Basic Law is regarded, according to Article 56, as the starting basis, which the Federal President, the Federal Chancellor, and Federal ministers have sworn to uphold, upon their assumption of office:

“I swear, that I will dedicate my efforts to the well-being of the German people, enhance their benefits, ward off harm from them, uphold and defend the Basic Law and the laws of the Federation, fulfill my duties conscientiously and do justice to all. So help me God.”

The state, and with it, the government, bound by the oath



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of office, is the guarantor, that the Basic Law is adhered to. If this function of the state is limited—the state is “streamlined,” as this has been demanded by the neo-liberals for a fairly long time—then society threatens to collapse, together with the financial markets, under crisis conditions. Since today we are without doubt facing a crisis which threatens the character of Germany as a social state, and a “disturbance of the overall economic equilibrium,” the government can and must therefore refer to Article 20 of the Basic Law and the still-valid “Law for the Promotion of Stability and of the Growth of the Economy” in conjunction with Article 104a, paragraph 4, sentence 1, and Article 115 of the Basic Law.

In Article 20 of the Basic Law it says:

“1. The Federal Republic of Germany is a democratic and social Federal state.

“2. All state authority emanates from the people. It is exercised by the people by means of elections and voting and by separate legislative, executive, and judicial organs.

“3. Legislation is subject to the constitutional order; the executive and the judiciary are bound by the law and justice.

“4. All Germans shall have the right to resist any person

seeking to abolish this constitutional order, should no other remedy be possible.”

The necessary legal foundation, which the government requires in order to erect a protective wall for the real economy, the banks, and the General Welfare, lies in the above-mentioned Articles 20, 56, and 115 of the Basic Law. In an existential state of emergency, such as the imminent collapse of the global financial system represents, these articles also provide the basis for suspending the transfer of state responsibilities to a supra-national bureaucracy like the EU Commission.

The Maastricht Treaty and the Stability Pact likewise have to be frozen, and the Federal government must bring the financial sovereignty of the state, which was transferred to the ECB, back under its sovereign control.

The government must guarantee, that, above all, the economically most valuable banking houses, the banks subject to public law, the savings banks, the cooperative Raiffeisen banks, the *Landesbanken* [state banks], and the *Kreditanstalt für Wiederaufbau* [Reconstruction Finance Agency] are protected. The task of the savings banks is to serve as the house banks for cities, communities, and *Mittelstand* [medium-sized] companies and, according to the banking inquiry of 1968, to operate their businesses “according to economic considerations, but without profit-seeking.” They have to provide for the equilibrium of the regions, the interests of medium-sized companies, and the protection of the depositor. Depositors and investors need safe banks with solid business. The private banks have to be subjected to a thorough audit by the Financial Services Supervisory Authority (BaFin).

Furthermore, the government must guarantee that jobs are saved, above all in the productive sector; that wages and pensions continue to be paid. It must provide for people to be able to remain in their houses and apartments, and be protected against foreclosures.

New lines of credit have to be made available by the Bundesbank [central bank] or the *Kreditanstalt für Wiederaufbau*, locally via banks subject to public law for investments in the areas serving the General Welfare, and the areas in which one would also invest if the economy were going well, and which would increase the productivity of the economy.

This includes the maintenance and renewal of infrastructure, such as the repair of streets and bridges, the construction of urban mass transit, the renewal of sewer systems and drinking water purification, the building and maintenance of schools, hospitals, and other public buildings. At the same time, the development of the East has to aim at the achievement of social justice and structural improvements.

In other words: We have to return once again to the principles of real physical economy, and place the General Welfare above the private advantages of the few. Whoever says that this is not possible, also says that Germany will not survive as a nation.

We appeal to you, to defend Germany according to Article 20 of the Basic Law.