

A Call for Resistance to ‘Fiscal’ Fascism, Automatic Slashing of State Budgets

by Helga Zepp-LaRouche

This statement was issued by the Civil Rights Solidarity Movement (BüSo) in Germany, which Helga Zepp-LaRouche heads. It was translated from German.

Nov. 13—After the expected failure of the G-20 summit in Seoul on Nov. 11-12, where the leaders of the 20 major industrial and emerging countries once again were able to do nothing to bring about the super-urgent reorganization of the bankrupt financial system, all human civilization is in imminent danger of an escalating breakdown crisis. The hyperinflation that the U.S. Federal Reserve and other central banks are causing, the looming collapse of the euro, and the danger of “fiscal” fascism—brutal automatic cuts in government budgets and social spending—in the United States and Europe, are the primary features of this situation.

We are faced with the early disintegration of the entire global financial system, with disastrous consequences for the world economy and the population’s well-being. Given this danger of a outcome, unprecedented in history, the governments’ inaction, and the population’s ignorance of the extent of the crisis, we can really only consider this from the standpoint of Classical tragedy. What we see is a civilization such as Friedrich Schiller described in his *Aesthetic Letters*: The leading institutions are dominated by utilitarianism, pragmatism, pure maximization of profit; the so-called elites, who only want to enjoy dancing aboard the *Titanic* as long as possible, are decadent and debauched; the mass of the population is in a state of deliberately orchestrated cluelessness about the true situation, and only realizes that somehow they are supposed to be the fall-guys.

There are no longer any easy solutions, because the options that existed were squandered, one after another. Only a relatively small number of individuals who think for themselves is ready to correctly interpret the increasing signs of collapse: be it the Fed’s money-print-

ing policy, the strangulation of the municipalities’ finances by ludicrous regulations and collapsing tax revenues, the outbreak of cholera and typhoid in Haiti and Chad, or the unspeakable condition of the so-called youth culture, where ten-year-olds transmit hard porn over their cell phones, and drugs are permanently wiping out the cognitive potential of a shocking number of young people. Anyone who does not recognize these as symptoms of a collapsing society either lacks imagination or is already morally dead.

Destruction of the United States

In the United States, after the landslide losses of the Obama Democrats in the midterm elections, two principal atrocities loom: The Fed has not only pumped \$600 billion more into the system, but because of the chaotic situation, the banks are extending unlimited mortgages at close to zero percent interest, thereby opening the floodgates to hyperinflation, as was done in Germany in 1923—but now in the form of speculation in commodities, agricultural raw materials, and emerging markets around the world.

And secondly, Obama and the newly elected Tea Party-Republicans such as Rand Paul, want to make the most brutal budget cuts. Regulations will be established to automatically cut everything: pensions, health-care costs, social spending of all kinds. But the idea of forcing a balanced budget under conditions of a hyperinflationary explosion is pure madness!

The combination of Ben Bernanke, Obama, and Rand Paul means the destruction of the United States!

Crisis Deepens in the Eurozone

Just in time for the G-20 summit, the Irish state debt crisis was back at the top of the agenda, although this is no more a crisis of one country than is the threat of state bankruptcy in Greece, Portugal, Spain, or Italy; it also threatens the insolvency of banks in Germany, France, and Great Britain.

In Italy, Paolo Savona, head of the private deposit protection fund, the FITD, is urging his country to reconsider its membership in the euro system, which has become a noose around Italy's neck. A form of government was introduced in Europe, he said, based on regulations: the Maastricht Treaty's famous Stability Pact to control debt and budget deficits. This mechanism failed, however, and now the countries are trying to work out a form of government that will allow them to work around the rules. Italy therefore faces an historic choice: either to remain in the monetary union, with the European noose around its neck, "or to leave the Eurozone and, after a temporary adjustment period, regain sovereignty over its economic decisions and global partnerships." Savona called for a national debate on this question. A fierce debate has also flared up behind the scenes about the imminent withdrawal of Ireland and Portugal from the Eurozone.

The fact that European Union President José Manuel Barroso immediately promised EU aid for Ireland, shows that he is well aware of the Eurozone's fragility. If Ireland (and then Portugal, Spain, Italy, Greece, etc.) have to resort to the Luxembourg-based European Financial Stability Fund, these countries will of course no longer be guarantors and lenders, and so the burden on the German taxpayer will increase accordingly. Since the German government clearly knows the implications of this policy—including for the poll figures of the Black-Yellow coalition¹—Chancellor Angela Merkel, along with French President Nicolas Sarkozy, have made a proposal to amend the Lisbon Treaty; among other things, this would provide for a "controlled restructuring" of state and bank debts. But European Central Bank head Jean-Claude Trichet categorically excluded such a "haircut"—i.e., the partial write-off of debts—insisting instead that the entire burden should be shifted, by brutal cuts in the standard of living of the population.

This combination of printing money for the continued funding of a system that has already long been insolvent, together with a massive austerity policy, means the worst of all worlds; it continues the redistribution of wealth from poor to rich, it is destroying more productive capacity, and triggering global hyperinflation,

1. Christian Democratic Union-Free Democratic Party.



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which will destroy everything. Leading Chinese economist Zhang Yansheng, director of the Institute for International Economic Research of the National Development and Reform Commission, compared the cheap liquidity that the Fed is pumping into the global system to a huge fireball that threatens to explode over China. In fact, hyperinflation like that in Germany in 1923 looms, only this time, not just in one country, but the entire planet.

The euro was a bad idea from the start, which Margaret Thatcher, François Mitterrand, and George H.W. Bush imposed on Germany as the price for reunification, squeezing Germany into the corset of the EU's Maastricht Treaty. If Portugal, Ireland, Greece, and perhaps also Spain and Italy—which simply can no longer afford to stay in the Eurozone and pay higher and higher interest rates for more and more debt—leave the zone, that will certainly be the end of the euro, and that will be a positive development. Because only if Germany and other European nations regain their sovereignty over their own currency and credit creation, can there be a way out of this crisis.

With five failed G-20 summits since the crisis broke in late July 2007, it is now proved beyond a shadow of a doubt that this self-appointed combination of states is unable or unwilling to make the necessary corrections. The American economist Lyndon La-

Rouche—the only economist whose forecasts have always been right—has long declared that only the United States, based on the Franklin Roosevelt tradition, in combination with Russia, China, and India, would be strong enough to prevail against the financial oligarchy. Sovereign states such as Germany, France, Italy, and others must then join such a Four-Power alliance.

This combination of sovereign states must immediately implement a two-tier global banking system [known as the Glass-Steagall system in the U.S.], in which the toxic waste of gambling speculation will be written off and national credit creation used to finance the real economy.

A Global NAWAPA Perspective

We have to do the same thing worldwide that Roosevelt did in the 1930s to bring the U.S. out of the Great Depression: Through a series of major infrastructure projects, we must create the overall framework for recovery of the physical economy. Plans for most of these projects, such as NAWAPA (a giant water management project for Canada, the United States, and Mexico), the construction of the Bering Strait tunnel

between Alaska and Siberia, the construction of the Eurasian Land-Bridge, and the Transaqua project for replenishing Lake Chad and irrigating the Sahel, have long been on the drawing boards of engineering firms, ready to go.

With Germany's still unique *Mittelstand* [small and medium-size productive industries], it has the economic and technological capacity to participate, directly or indirectly, in many of these projects. That is the only way we can return to full and productive employment, and generate the tax revenue to afford adequate health-care and pension systems, public swimming pools, libraries, and the like. And only by participating in a global reconstruction program, can we achieve the long-term raw materials and energy security that is so important for us.

We need a national debate about this real alternative to the current policy.

We can only escape the tragedy that is so clearly looming, if we fundamentally change the axioms and values of our society and our everyday practice. We need a Resistance against fiscal fascism, and an international alliance for development and reconstruction. Join us!

Lyndon LaRouche On Glass-Steagall and NAWAPA

The North American
Water and Power Alliance

“The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there.”

“Put Glass-Steagall through now, and I know how to deliver a victory to you.”

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