British Try To Save $9 Trillions by Killing Billions

by Dennis Small

April 24—The International Monetary Fund, the British Empire's planetary policeman for fascist economic policies, issued its semi-annual *Global Financial Stability Report* in mid-April, warning of an imminent $3.8 trillion meltdown of Eurozone banks—about 10% of the assets on their books—which could spread to the United States "through derivatives markets." Made public on the eve of the April 20-22 IMF-World Bank meeting in Washington, D.C., the published version of the report was rewritten to vastly *understate* the actual magnitude of the blowout. A senior finance ministry official attending the meeting told *EIR* that an earlier draft version, seen by the source, had painted a much worse picture of the non-performing debt on the books of the big European banks, concluding that at least *$9 trillion* would be needed to bail out the private European banks this year.

Senior U.S. intelligence sources had reported earlier this year, around the time that the European Central Bank (ECB) had opened its hyperinflationary trillion-euro bailout window known as LTRO, that the European banks would need an estimated $8 trillion to avert total meltdown in 2012.

In other words, nearly 25% of the face value of all the financial assets on Eurozone banks' books is worthless—by London's own admission. And that is really just the tip of the iceberg. As Lyndon LaRouche has repeatedly warned, the entire trans-Atlantic system is hopelessly bankrupt.

"We are having a collapse of the existing empire," LaRouche stated on April 21. "It's disintegrating, disintegrating economically and every other way. It's on the edge of the United States being pushed, through the British control of Obama, into launching a full-scale, thermonuclear launch.... So you have a factor of desperation and insanity from that desperation."

London Knows This Is End-Game

A public relations charade was also put together at the IMF-World Bank meeting, to announce amid great fanfare that a $430 billion IMF fund had

Spain's banks have billions, if not trillions, in non-performing debt sitting on their books, which could implode at any moment. The draconian cuts in spending and living standards have only made things worse. Here, more than a million Spanish workers take to the streets across the country in protest, February 2012.

been cobbled together to help bail out the Eurozone banks. That fund in fact does not exist, but even if it did, it would cover less than 5% of the non-performing assets on the banks' books.

The British Empire's real policy is altogether different—and involves a race against time. London is hell-bent on ramming through the European Stabilization Mechanism (ESM) by early July, so that it can be used as a platform to unleash big-time hyperinflationary bailouts—on the order of magnitude of the $29 trillion "big bazooka" that U.S. Treasury Secretary Tim Geithner and Federal Reserve head Ben Bernanke deployed in the U.S.

But London faces enormous obstacles. There is a significant rebellion against the ESM underway in Italy, Ireland, and elsewhere. The Dutch government has just collapsed. And most importantly, the first round of the French elections did not go as London desired; and incumbent President Nicolas Sarkozy faces likely defeat by François Hollande in the May 6 second round, in a political environment shaped by the ideas of Presidential candidate Jacques Cheminade, a friend and associate of Lyndon LaRouche (see article in *International*). Hollande has toyed with the idea of some sort of bank separation (although not the required Glass-Steagall total reorganization championed by Cheminade) and has also announced that he wants the ESM and related European pacts rewritten before France will approve them—to London's absolute horror.

Furthermore, the European banking house of cards may not make it to July in any event. The Spanish situation is particularly explosive, and may bring all of Europe down with it in the weeks or even days ahead. Despite borrowing EU316 billion from the ECB's LTRO facility in March (almost twice the amount borrowed in February), Spain's banks have billions, if not trillions, in non-performing debt sitting on their books, which could implode at any moment. And what the IMF, the ECB, and the EU are demanding of the Rajoy government in Spain—further drastic cuts in government spending, and in the population's employment and standard of living—is tantamount to political suicide in a country that already suffers Europe's highest official unemployment rate of 23.6%, not to mention a horrific youth unemployment of over 50%.

As the *Daily Telegraph*'s Liam Halligan wrote on April 21: "Governments around the world are petrified the eurozone could implode, sparking another 'Lehman moment'.... Europe's almost entirely unrestructured banking sector remains bombed-out, sitting on trillions of euros of undeclared losses.... This is unsustainable."

Genocide, in a Fit of 'Peak'

The published IMF *Global Financial Stability Report* said that, under their worst case (or "weak policies") scenario, so-called "deleveraging" by European banks could reach $3.8 trillion in asset sell-offs by the end of 2013—about 10% of their total portfolio. "This retrenchment could reduce euro area credit supply by 4.4% and GDP by a further 1.4% from the baseline after two years. Such large-scale deleveraging under the downside scenario would have consequences well beyond the euro area. The fire sale of bank assets could have a significant impact on asset prices and market liquidity. Through derivatives markets, stress could be transmitted to U.S. banks," the report warned.

The report praised the hyperinflationary money-pumping efforts that have been carried out so far on both sides of the Atlantic, but demanded that much, much more worthless Monopoly money be pumped into the system. "Bond markets remain fragile and volatile.... A credible firewall that is large, robust, and flexible enough to stem contagion" is needed. The IMF demanded that the current European Financial Stability Facility (EFSF) and planned ESM funds be used to lend money directly to the banks, and not to their host governments: "The facilities constituting the euro area firewall should also be allowed to inject capital directly into banks if the situation warrants it." They also called for swift fiscal integration of Europe—i.e., drastic austerity imposed by a supranational dictatorship.

Another IMF report published in April, its *World Economic Outlook*, was less circumspect about London's frankly fascist policy proposals. Lifting a page from the Third Reich's "useless eaters" program, the report focused on what for them is the terrible fact that people around the world are living three years longer than expected. According to accounts in Reuters and other media, the IMF annual study stated that this will increase the "cost of aging" (measured in terms of pensions; not even including health-care costs) by 50%. Bemoaning that "longevity is a bigger risk than thought," the IMF demanded that countries begin to "prepare now for the risk of longer lifespans." This should include plans to cover increased costs by: 1) reducing pension benefits; 2) raising taxes; and 3) increasing the retirement age, including by automatically linking it to longevity.

London's *Daily Telegraph* elaborated on what the IMF study means for the United Kingdom, reporting, with dismay, that one-third of all babies born in the U.K. today are expected to live to the age of 100. Chancellor of the Exchequer David Osborne has pushed novel solutions to financing this unfortunate fact, including working on new financial products linked to longevity, specifically the idea of "self-insuring against longevity risk"—which sounds an awful lot like Nazi euthanasia.

The fuller backdrop and justification for the British Empire's stated policy of reducing the world's population from 7 billion to 1 billion people—as most famously advocated by Prince Philip himself, with his announced desire to be reincarnated as a virus to help that process along—was also rolled out in April, with the announcement by the Club of Rome and the World Wildlife Fund (WWF) that they were launching an 18-month campaign, on the occasion of the 40th anniversary of the publication of the Club's 1972 book *The Limits to Growth*, to further the genocidal intentions outlined in that book.

On May 7, a major report will be issued titled "2052: A Global Forecast for the Next Forty Years, a Report to the Club of Rome by Jorgan Randers." Randers was one of the co-authors of the original *Limits to Growth*, and for decades has been a top official of the WWF, founded by Prince Philip and his Nazi twin, the deceased Prince Bernhard of the Netherlands.

As if to prove LaRouche right in everything he has ever charged about such incompetent forecasters, the WWF-Club of Rome crowd has taken a page from their own unscientific "peak oil" hoax (which is the incompetent exercise of extending the idea of a peak output from an individual oil well, to the entirety of global petroleum production); they now talk about "peak population," and even "peak civilization." As *Smithsonian* magazine reported, the "2052" report argues that, "Slowly but surely we are approaching 'Peak Civilization,' and when that bubble pops we'll see the crash manifest in the form of famine, disease and global conflict."

Time for Creativity

Readers will benefit by comparing that oligarchical view of man and the universe, to the concept of human creativity in a creative universe, as developed by LaRouche, for example in his remarks on the April 18 "LPAC Weekly Report":

"Nonliving processes seem to operate in what we call normal clock-time, normal clock-time sequence. Life appears to work that way, but it doesn't actually do that. And above all, human creativity absolutely does not do that. And human creativity represents the expression of a principle, expression *in* mankind and *by* mankind, which is not dependent, as such, on any lower form as an antecedent. That is, you do not get life from non-life. You do not get human creativity from mere biological existence. But rather, you get what we know, what we recognize as creativity, as an expression of the lawfulness of the universe. . . .

"If we do not understand mankind and creativity, if we stick to these things we're trained to believe in, these things will prevent us from ever accomplishing our mission. We have to now, finally, come to the point that we recognize this principle: That the universe itself, starts with creativity as a principle. That's the name we would give to it, if we want to identify it: Creativity itself is a principle, a universal principle. The universe is based on that principle, at least as far as we know it: that the existence of the human mind is the highest expression we know of, on which everything depends, *that* creativity!"

Spain at the Crossroads

Political and financial circles on both sides of the Atlantic are abuzz with calls for the EFSF to directly lend money to the area's bankrupt banks—especially Spain's—even before the ESM comes on line (if it ever does), in order to forestall an imminent blowout of the whole trans-Atlantic system.

"Europe's bold program to defuse its financial crisis by injecting cash into the banking system is running out of steam," the *Wall Street Journal* complained on April 19. "Banks in Spain and Italy have little left" of the billions the ECB lent them through the LTRO.

Panic over Spain's banking system, led by the Inter-Alpha group's Santander Bank, is hardly surprising. Spain's central bank announced April 18 that the percentage of non-performing loans (three or more months of non-payment) on the books of Spanish banks, rose in February to 8.16% of the total, up from 7.91% the month before. This is the highest non-performing rate since October 1994. For real estate loans, the non-performing share is a deadly 21%.

Property values are expected to collapse by a further 40%, according to the daily *El Pais*: "If this extreme forecast were confirmed, the blow would sink the real estate companies and, in chain reaction, the banks." Angel Berges of the AFI (International Financial Analysts) stated that the whole sector has to be bailed out, because if banks and others try to sell the properties on their books—which is the Rajoy government's proposal—they will have to lower their prices by 99%, he said. Already leading banks such as Santander, Caixa, and Bankia are offering fire sales of foreclosed properties seized by the banks, with price reductions of up to 80%.

Things have gotten so bad that, in mid-April, Santander announced that it would be using EU750 million of its money to buy back its own bonds, in a desperate effort to prevent their total collapse. In late April, Santander added that it was selling off its holdings in Mexico and Florida, to try to scare up some cash.

For Spain, life under continued IMF and EU policies means the nation's death. On March 30, Prime Minister Mariano Rajoy imposed a stunning EU27.3 billion in government spending cuts. In a country with nearly 24% unemployment, benefits for the unemployed will be cut by 5.5%, at the same time that total unemployment is officially expected to increase by 630,000 this year, bringing the unemployment rate to 26% of the workforce. All of this is being imposed in the context of skyrocketing interest payments on the debt—which are of course left intact in the Rajoy plan—while the tax base is contracting rapidly. In fact, pretty much the entirety of the 27.3 billion euros in cuts already went to pay interest on past monies owed.

Health and education expenditures, which are largely handled by Spain's 17 regional governments, are being particularly targetted by London. Those regional governments account for half of all government spending in the country, and fully 60% of their budgets consist of health and education spending.

On April 17, the Rajoy government met with the health ministers of all the regions and proposed that: a) retirees will have to pay 10% of the cost of their medicine (they now get it free); and b) employed workers will have their co-pays rise from 40% to 50-60% of the cost of the medicine. This will cut EU3.7 billion from the budget, out of the total of 10 billion the government plans to cut from health and education.

To blackmail the fractious regional governments into slitting their own throats, the national government is offering to help them pay about EU27 billion in unpaid bills from suppliers, with loans at 5% interest provided by a EU35 billion special government fund. In return, the 17 regional governments would have to agree to a "viability plan to guarantee budgetary stability and equilibrium," i.e., to be put into receivership and have fascist cuts imposed as per London's demands.

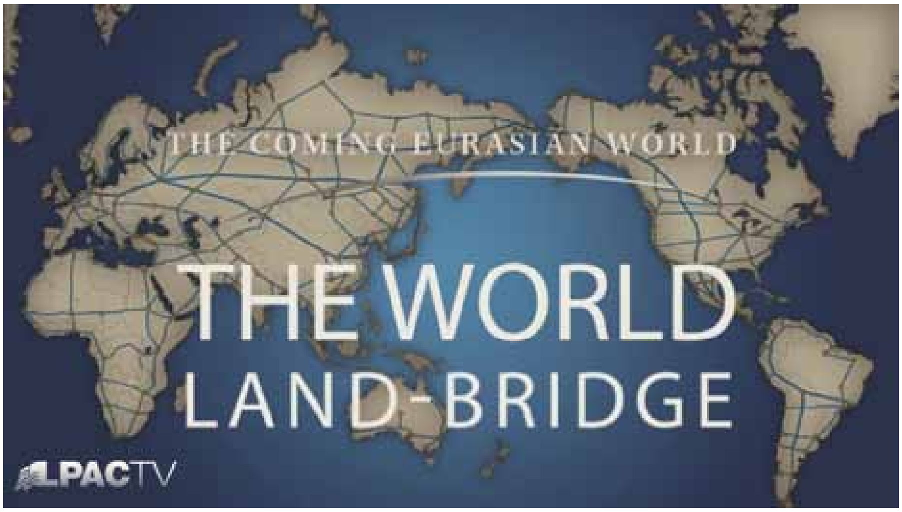
But it would be unfair to say that London does not have an employment plan for Spain. They do—in whoreticulture.

Sheldon Adelson, perhaps the world's leading casino and gambling magnate, recently offered to come to Spain's rescue. Adelson is the owner of the Las Vegas Sands casino-hotel, the big bankroller of Newt Gingrich's Presidential campaign, a buddy of Israel's Bibi Netanyahu, and an all-around leading light of the circles around Britain's dirty money and organized crime syndicate, Dope, Inc.

Adelson, in Macao for the mid-April inauguration of his new Sands casino there, which is the biggest gambling complex in the world, announced that he was proposing to invest $35 billion in Spain for the construction of 12 casino resorts, of 3,000 rooms each, to attract 11 million new tourists per year (largely from Russia and Eastern Europe). This would create 300,000 new jobs, he claimed. All Spain has to do is "loosen its labor laws" a bit.

Russia Today reported that there is a political uproar inside Spain about this "offer," with protests that this will dramatically increase prostitution in Spain, which already "employs" 370,000 in the "prostitution industry"—which incidentally, is legal in Spain. Not surprisingly, 90% of these women are "trafficked," i.e., they are run by organized crime, meaning Britain's Dope, Inc. dirty money apparatus.

FIGURE 1



A Bridge to Africa

Aficionados of feudalism in Spain—such as those who defend Don Quixote's encounter with the whore Maritornes in Miguel de Cervantes's great Classic (see *EIR* Jan. 9, 2004)—and other British dupes, may favor such an approach. But Spain deserves better, as does all of Europe; and the LaRouche movement is elaborating that alternative.

As part of an upcoming Marshall Plan for the high-technology development of all of southern Europe, as a stepping stone for Europe's central role in developing the dying continent of Africa, the highlights of a program for Spain—whose priority would be the productive reemployment of the country's labor force, especially the youth—would include:

• **A Tunnel under the Strait of Gibraltar**. Spain will function as the key link between the European and African components of the World Land-Bridge (**Figure 1**), with a high-speed rail line running under the Strait of Gibraltar into Morocco. Although only 14 kilometers separate the continents at this point, the depth of the water (some 300 meters) would require that the actual length of the tunnel be about 50 km. This compares with 50 km for the existing English Channel tunnel (although water depth there is only 45 meters), and 35 km for each leg of the proposed Bering Strait tunnel (at 54 meters depth), which would make use of the islands of Big Diomede and Little Diomede to simplify the task of connecting the 85 km separating Alaska and Russia.

There are, of course, significant technical challenges in the Gibraltar case, including the fact that the Alpide Belt, which is a mountain range that extends along the southern margin of Eurasia and runs right through the Strait of Gibraltar, is the second-most seismic region on the planet, after the Pacific Rim of Fire.

As part of this project, it would be appropriate to return Gibraltar to Spain, from which the British stole it in the 1830s.

• **High-speed rail technology**, including magnetic levitation, should be a Spanish priority. Spain is already a leading international producer of high-speed rail, and it should develop this capability for use inside the country, across Europe, and into Africa. This scientific endeavor could well be called "Project Alfonso the Wise," in honor of the 13th-Century Spanish humanist king, who led all of Europe in developing the science of astronomy.

• **High-technology agriculture and fishing.** Spain has historically had major capabilities in these fields, which must be protected and developed for its own consumption, and export—both the foodstuffs *and* the technology—to Europe and Africa.

• **Nuclear energy** must replace the insane current emphasis on windmills and solar power, which produce neither the energy output nor the energy-flux density levels required by modern society. In fact, Spain's elephantine solar power sector is an international scandal, due to absurd government subsidies which are now being withdrawn, under the pressure of budget austerity.

Even the addled Don Quixote knew that it made sense to get rid of windmills.