Editorial

Dump the Euro! Get on with Development!

The instant failure of the June 9 attempted "step-by-step" bailout of Spain's banks has triggered a Europe-wide debt panic in which only one policy has a chance of working: Helga Zepp-LaRouche's Mediterranean development plan, beginning with immediate national exits from the fatally doomed euro, and imposition of the Glass-Steagall principle on the banking systems. *EIR* rushed that program into production last week because of the breaking crisis: As of this week, the full-scale emergency makes it even more urgent.

With the failure and backfire of the Spanish bank bailout, "The crisis is deteriorating at an ever-increasing pace," said one "senior banking strategist" quoted by the *Financial Times* June 12. "It's . . . full eurozone break-up or fiscal union." The suddenly looming demand for simultaneous bailouts of Spain and Italy has raised the specter of all-out, hyperinflationary printing of doomed euro "money," while capital hectically flies out of Europe, and bank lending is frozen.

In her introduction to the "Mediterranean Economic Miracle" report, Zepp-LaRouche provided the diagnosis and the solution:

"Twenty years after the signing of the Maastricht Treaty, a monster has been created; and 11 years after the introduction of the euro, many Eurozone nations are in danger of descending into African-level conditions—social collapse, rising death rates, infrastructure no longer maintained, . . . one in two or three young persons unemployed, and skilled workers fleeing their homelands. . . . The alleged boom in the Eurozone's so-called catch-up nations was in fact a bubble—and now that bubble has popped."

The once-sovereign nations of Europe must exit the euro now, she emphasized, and implement Glass-Steagall banking reorganizations based on re-establishing their own currencies.

"The current specter of gargantuan, failed, hyperinflationary bailout attempts makes this the only way to survive. National sovereignty over monetary and economic policy must be re-established. Competent feasibility studies for a 'Plan B,' comprising technical preparations for, and execution of an exit from the euro, have already been worked out by such experts as Prof. Dirk Meyer at the Federal Military College in Hamburg. An extended weekend could be utilized as a bank holiday to prepare the currency conversion, and to deal with account balances in checking and savings banks. . . .

"The exit from the euro must be followed by a transfer of the monetary sovereignty that was handed over to the EU, back to the respective national states. . . . A new national currency law could then legislate the adoption of the New Deutschemark, and likewise for other respective national currencies." The euro would become merely "a unit of accounting among national banks."

This makes imposition of the Glass-Steagall principle work in the current extreme European bank crisis. The Inter-Alpha banks, the Swiss supergiants, and the city of London derivatives banks, have been playing in the "Eurodollar" and euro casinos for so long, a Glass-Steagall reorganization will virtually eliminate them all as banks. They've eliminated themselves as real banks as it is. The re-establishment of national currencies, and establishment of national banking, will make it possible to create a credit system and protect commercial banking, and organize investment into the great projects of a "Mediterranean economic miracle."

It's a life-or-death issue for Europe, *and* the U.S. Let's get it done.