

# The Battle Lines Are Clear: New Paradigm, or Economic Chaos and War

*This is the edited transcript of the Schiller Institute's New Paradigm Webcast of December 6, 2018. A [video](#) of this webcast is available.*

**Harley Schlanger:** Hello, I'm Harley Schlanger from the Schiller Institute. Welcome to this week's webcast with our founder and President Helga Zepp-LaRouche. Today is Dec. 6, 2018.

There's a wealth of developments following the G20 summit. There's a series of shocks being delivered in Europe; we're seeing the financial system in a highly volatile state; but I think, Helga, we should start with the situation in Europe, because most Americans are hearing only a little bit about this. They can't put together a whole picture, but I think you have a good handle on it, so why don't we start with France. What's happening with President Emmanuel Macron and the situation in France?

## The Situation in France

**Helga Zepp-LaRouche:** As people may know, there have been demonstrations and blockades for the last two weeks by the so-called "Yellow Vests." This led to some significant violence in Paris, in which the Arc de Triomphe was attacked and there are reports of cars and windows smashed. But these violent excesses are not typical for this process which is going on in France. It's just some provocateurs who immersed themselves into this ferment which can only be described as a mass strike ferment, of the normal, mainly rural French population in the provinces. These are people who are workers, who are truckers, who are farmers, fishermen, who, despite a lot of hard work can't make ends meet. And they have started this process against the threat of increases in oil and gasoline prices and general fuel prices.



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*Yellow Vest demonstrators in Belfort, France on Nov. 18, 2018.*

But in the meantime, in the last two weeks the situation has transformed itself completely. At first, Macron, tried to ignore the Yellow Vests but then realized he had to capitulate, so he postponed any such changes [in the increased fuel taxes] for the first half-year and then for a year; but this did not stop this process at all, because in the meantime, those people demonstrating who are supported by 80% of the French population, have started to realize that there is a much more fundamental question at stake, namely, where is society going? They have started to realize that a policy which is only made for the very rich must stop, and that a much more fundamental transformation is required.

This is a big thing. This is not just some provocateurs, but this is the majority of the French population, and the most dramatic thing I think is that the police trade union declared full solidarity with the strikers, and they will have an unlimited strike starting on Dec. 8 and that there will also be another nationwide big blockade and demonstration. There has been some dis-

cussion about whether the government should reintroduce martial law, which they had for a while because of the terrorist attacks earlier.

But that idea was strongly argued against, because as with the police, the likelihood that the army would take the side of the Yellow Vests is very great, because these are also people who have families who have brothers, who have uncles, nephews, sisters in the movement. When you come to a point when a government can no longer use the police, or the army quell such a protest, then you are normally talking about the loss of power.

We're obviously not yet completely at that point, but this is in the air. And I think it is a sign of the times, of the state of the neo-liberal order. The Brexit vote two years ago, which led to the election of President Trump, which led to the election victory of the Italian government, and now it obviously has reached France, and is already going into Belgium—these are all expressions of populations in these countries who are no longer willing to accept the neo-liberal order which is so fundamentally going against their interests.

**Schlanger:** You mentioned Brexit as an early example of this phenomenon. British Prime Minister Theresa May is still trying to finagle something on Brexit, but it looks as though she's in big trouble as part of this same insurgency, isn't she?

### The Situation in Britain

**Zepp-LaRouche:** Well, she just lost a vote in the Parliament. This vote was not about the Brexit deal with the EU as such, but it was about May's effort to keep the text of that deal secret. Now, that would have meant that the Members of Parliament would have to vote on something they could not even read! And naturally they rejected it with the additional vote of at least 26 Tories, her own party, and 9 out of 10 of the Democratic Union Party of Northern Ireland. So, her coalition is in shambles.

Next Tuesday will be the actual vote on the Brexit and the likelihood that May will lose is very high. What will happen then is an open question. She could be replaced by some other Tory, like Boris Johnson, or some other not so good successor. It could also lead to new elections, with the possibility of the Labour Party and Jeremy Corbyn winning that. Corbyn has a more reasonable program. He wants to reindustrialize Great Britain, and in general he has a completely different

policy. But that still then leaves the open question of what will happen to the derivatives market in the City of London, which is one of the huge bubbles. If there is an uncontrolled Brexit, all hell could break loose in an already extremely volatile financial system.

So, this is a very dramatic moment, and people should become active with the Schiller Institute, because only a New Bretton Woods and the general reforms my husband has demanded in his Four Laws—Glass-Steagall, national bank, credit system, cooperation in a New Paradigm—this total package, can we avoid disaster.

But this is really a transformation, as we have said many times. We are really experiencing the end of an epoch, and the emergence of a new one. What the new one will look like, it is not yet decided and not clear, but it will be one of what Friedrich Schiller would call “pregnant moments in history,” where the subjective intervention is what really makes the difference.

**Schlanger:** Another part of this “end of an epoch” is going to be the meeting tomorrow in Hamburg of the Christian Democrats (CDU) in Germany that will be selecting a new party chairman. The rebellion has not yet fully struck Germany, other than in voter discontent with all the parties. Do you see anything positive coming out of this CDU conference tomorrow? Or is it going to take something else to shift the situation in Germany?

### The Situation in Germany

**Zepp-LaRouche:** I'm not so optimistic, because the present three main candidates—there are some others who may have better ideas, but they have not yet been portrayed sufficiently in the press so that I would know about them—but among the three dominant candidates, Friedrich Merz has not said anything yet that would convince me that he's not a complete representative of the neo-liberal/neo-conservative trans-Atlantic establishment, naturally, the kinds of policies which are really the cause of the problem. And it's unfortunate that he's supported by the CDU economic council (CDU *Wirtschaftsrat*), because obviously people there think he is more competent on economic questions. But there is a big difference between “competency” concerning the financial markets and the speculative side of the system, and competency in the real economy. And this is unfortunately not going in the right direction at all.

Another candidate to replace Merkel as head of the



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*Michele Geraci, Italian Undersecretary of State for Economic Development, is interviewed by EIR's Economics Editor, Paul Gallagher, on Nov. 28, 2018.*

CDU, Annegret Kramp-Karrenbauer (AKK, as she is called), has said some pretty provocative things which are also strategically stupid, namely that in the context of the Ukraine crisis, that if it could be proven that Russia is responsible, then NATO should immediately block Russian ships everywhere. That's the kind of Cold War talk which is really no help at all. And the third leading candidate, Jens Spahn, is a typical health economist, who has also extremely austere economic visions.

As I said, there are other candidates, but they're not being played up by the media. In general, I don't see anything positive coming. Should this lead to new elections, if Merz becomes the new chairman of the CDU, he could want to trigger an early demise for Merkel as the Chancellor; but with the present spectrum of politics in Germany, except for my party, the *BüSo*, *Bürgerrechtsbewegung Solidarität* (Civil Rights Movement Solidarity) and the Schiller Institute, there really are no organizations presenting the kinds of solutions for Germany, Russia, China, and the United States to work together in the new paradigm of the New Silk Road. So, the German situation in my view remains the biggest dark hole in the whole situation.

**Schlanger:** One of the better situations in Europe—so people can see that it's not all dark—is Italy. The Italians are continuing a diplomatic offensive, an economic offensive, an intervention into the U.S. Congress. Where is that heading in Italy now?

## The Situation in Italy

**Zepp-LaRouche:** Oh, the irony of the situation, is that Italy, which is being attacked so much by the mainstream media right now, is the only stable government in Europe, unlike Germany, France, and Great Britain. Maybe also Spain could be called relatively stable.

But Italy is doing good things. An extremely important delegation consisting of Marco Zanni, a Member of European Parliament (MEP), and Michele Geraci, the Undersecretary of Economic Development, were just in Washington having meetings with the Trump Administration, and members of Congress, to discuss Glass-Steagall and joint European-American economic programs for Africa. So there *is* a very useful discussion taking

place which is what should happen. I find it quite interesting that the current Italian government is positive towards Trump, towards Russia and towards China, to the dismay of the European Union bureaucracy. One can only hope that this kind of reasonable international cooperation spreads to other countries—it has actually spread already, but obviously, it has not touched the three big ones yet in the same way.

## What Happened at the G20

**Schlanger:** Last week, we were talking about the upcoming G20 summit, which took place over the weekend. One of the few things they did as the G20, is to reconfirm, by 19 of the 20 countries, the commitment to the Paris climate change protocols. Donald Trump was the one leader who rejected that. But then, immediately afterwards, as we were talking at the beginning of this program, the French people rejected Macron, who is using the climate change issue to raise the taxes on fossil fuels—so at least the majority of the French people are on the right side on that one.

But there was something very significant that did occur [at the G20], or actually two things: One, the meeting between Putin and Trump was disrupted by a combination of the Ukraine crisis and the [Kerch Strait] provocation set in motion by [President Petro] Poroshenko, and secondly by [Special Counsel Robert] Mueller. However, there was a very successful meeting between the Chinese and the United States, that is, between Xi and Trump. What's your report on that, Helga?



White House/Andrea Hanks

*Donald Trump and First Lady Melania Trump join fellow G20 leaders, spouses and guests at the Teatro Colón in Buenos Aires, Argentina on Nov. 30, 2018. On the right is Chinese President Xi Jinping.*

**Zepp-LaRouche:** There was a summit between the two Presidents, and some other members of their delegations. Both sides characterized the outcome as extremely positive, constructive. They agreed upon the truth concerning the tariffs, so the present tariffs will not be increased from 10 to 25% at the beginning of next year, which was the prospect hanging over the whole situation, but they will try to work out a comprehensive approach in the next 90 days and maybe abandon these tariffs altogether by finding other ways to reduce the U.S. trade deficit with China, by China agreeing to import more products from the United States—agricultural products and other things.

This is actually very good, because the rapport between President Trump and President Xi has been reestablished, which is an absolute precondition for solving these crises. China and the United States are the two most important countries—in the sense that one is the strongest economy and developed country, and the other one is the strongest not only developing country, but in the meantime, the voice of the developing sector.

So, if the United States and China work together, it will be extremely important for world peace and world stability.

And don't forget the unbelievable provocation, actually a double provocation, in the days just before the Putin-Trump summit was to occur. This provocation has yet to be finalized, because, as Russian Foreign

Minister Sergey Lavrov correctly said, the attempt by Poroshenko to send Ukrainian naval ships from the Black Sea into the Sea of Azov, unannounced, on a secret mission, and therefore provoking Russia to detain some of these Ukrainian sailors, was clearly meant to cause a freak out, to prevent the Trump-Putin summit.

### **Trump's Intentions**

But at the same time, as you said, Mueller escalated his assault against people who have been close to Trump: [Paul] Manafort, then Roger Stone, creating an environment where Trump obviously felt that he could not meet with Putin because of Russiagate, the anti-Russia hysteria in the United States was heated to the boiling point. So, this unfortunately

led to the fact that they did not meet.

That Mueller has so far not been successful, at least at this point, can be seen by Trump's tweet afterwards, which caused quite a freak out—namely, that he said that he can see in the future there will be an agreement between Putin, Xi Jinping, and himself about a comprehensive new arms control system, causing all the neo-cons to go ballistic and say “this is dangerous, this is highly risky.” And Trump also said that the U.S. military budget had now reached \$716 billion and this was “crazy”—and this was in his tweet.

*Forbes* magazine carried an interesting [article](#) describing Trump as having learned a lot in the last two years, that he realized that there is a serious arms race already going on, which is counterproductive and doesn't help any of the countries participating, and that there must be an effort to overcome it.

So, all the people who normally lose it when you mention the word “Trump,” should really look at Trump's intention, what comes out in his policies again and again, and the effort by the neo-cons to prevent him from doing that. If you don't make that differentiation [between Trump's intentions and the intentions of the neo-cons], then you are completely missing the boat on how politics works on a strategic level right now, and you will tend find yourself in the anti-Trump, anti-Putin, anti-Xi Jinping frenzy, which is actually where the war danger comes from.



**Schlanger:** And as you've been emphasizing, this tweet, in which Trump talks about getting together with Xi Jinping and Putin, is moving toward your husband's proposal for a Four Power agreement which is also necessary for a New Bretton Woods system.

Another thing: going back to the beginning of our discussion today of the problems in Europe, you mentioned that we're seeing an end of the neo-con/neo-liberal world order. There were two interesting aspects of that this week. You might say it was symbolic that George Herbert Walker Bush died just as this order that he had been calling for is crashing.

On the other hand, Secretary of State Mike Pompeo gave a speech which seemed to be calling for Bush's new world order, when he spoke in Brussels. So, I guess, Helga, this is the clash we see between these two systems, these two views.

**Zepp-LaRouche:** Yes. This Pompeo speech is worth looking at more closely, because on the one side, he gave lip-service to things Trump would say, like the need to uphold sovereignty and so forth, so somebody who has not trained themselves to read between the lines and understand how this faction fight goes, would tend to think that that's what Trump thinks. But Pompeo engaged in a total defense of the unipolar world order, which Trump is out to replace with a completely different system of sovereign states.

This is the kind of thing where, in my view, neo-con persons and forces are trying to somehow move in such a way to hobble Trump in a spiderweb, where he can't really do what he wants to do. The Hollywood-type spectacle around George Herbert Walker Bush's funeral, was obviously designed to make people forget what this Bush family is altogether: That the Bush family has



White House/Andrea Hanks

*Casket of former U.S. President George H.W. Bush arriving at the funeral service at Washington National Cathedral in Washington, DC on Dec. 5, 2018.*

been evil and rotten, starting with Prescott Bush's support of Hitler; then the George H. W. Bush who just died playing an absolutely key role in the prosecution of my husband; then the wars of George H. W. and George W. Bush in the Middle East.

The legacy of the Bush family is not really a good tradition in America. In the early 1990s, we published [\*George Bush: The Unauthorized Biography\*](#), which you can still buy and read: that will set the record straight. And since the whole spectacle was designed to count on people's short memory, it's worthwhile reading such an in-depth study. By the way, in a 1992 video about Clinton's election campaign, that book can be seen lying prominently on his desk. Obviously, this book played a role in defeating Bush 41, and therefore people should read it.



U.S. State Department

*U.S. Secretary of State Mike Pompeo.*

### **Freshmen Democrats Want to Work with Republicans**

**Schlanger:** I could say more about the Bush funeral, but I won't, because it was so disgusting, the way it was portrayed.

But there was another development, very significant, Helga, along the lines that you had said the politics in the United States has to go: You

had said the Democrats are in a situation where, if they go with impeachment of Trump, they will increase the polarization and destroy both of the parties. Well, 46 of the newly elected Democrats don't want to go that way, but are instead interested in the possibility of working together with Republicans towards solving things. This letter from them was just sent out. This is an important step, don't you think?

**Zepp-LaRouche:** Oh, yes, absolutely. These are 46 of the 60 newly elected members of Congress who had said that, rather than wasting energies on impeachment against Trump, there must be a bilateral, above-party cooperation to solve real issues, like infrastructure, health care, job creation; that they demand that the Democratic leadership should take that up; and that they want to meet once a month with that leadership to pursue this direction.

So, I think that if there could be a cooperation between Trump and the Democrats, as Pelosi also had indicated she would be open to, then you could, in this crisis moment, actually get something done, and the U.S. situation could actually be moved in a different direction. That is what the Schiller Institute and also our colleagues in the United States from LaRouche PAC, are fully mobilized to make happen.

So, contact us, and work with us, because this is really a pregnant moment. We are in turmoil. There is not going to be the old order; there's going to be the danger of war and chaos unless we quickly move into a New Paradigm. And the chances for that are actually extraordinary. So, get onboard, work with us.

**Schlanger:** The three primary issues that these Democrats referred to [in their letter], are issues upon which they could work with Trump. One is better-paying jobs; second, infrastructure; and third, health care, lowering prescription drug prices and things of that sort.

So here we have a situation actually begging for the policy of the Four Laws of Lyndon LaRouche, and this could become the basis for a collaboration, just as the Four Power agreement would be the basis for a global New Bretton Woods.

On the New Bretton Woods, we continue to see more developments from China. President Xi Jinping has been travelling. After the G20 Summit in Buenos



Aires, Argentina, he flew to Panama City, Panama where he met with President Juan Carlos Varela; and then he was in Portugal for three days. There are all kinds of developments in Central America. Helga, this is what you've been talking about—the Silk Road Spirit catching on everywhere.

### Portugal, Slovakia Join New Silk Road

**Zepp-LaRouche:** I think it's very important that Portugal is the first European nation which has signed an official Memorandum of Understanding (MOU) with China to cooperate on the New Silk Road. Xi Jinping went there on his way back to China from the G20. Prime Minister Antonio Costa and Xi Jinping not only signed this cooperation agreement, but also 17 other MOUs to work together on trade, economic cooperation, and scientific cooperation.

But most importantly, the text of the agreement actually says that China and Portugal will work together on industrial development of Africa and of Latin America: This is exactly the kind of model that we in the Schiller Institute have promoted—to establish new cooperation, not just on a bilateral level, but in joint efforts to solve the urgent problems of areas of the world needing that kind of intervention, such as in many parts of the developing sector.

The dynamic of the Silk Road is continuing. Even

Slovakia is now catching up with the broad gauge of the Russian railway system. These systems are being built to go all the way to China. There is also the Silk Road corridor going from Yiwu, a big industrial center near the coast of China, all the way to Barcelona and Zaragoza in Spain; another branch is being planned to reach Lisbon, in Portugal.

So, I think the pure dynamic of this kind of cooperation is really on the march forward.

### France at a Crossroads

France has two ways it can go: There is the not-so-good example of the French Revolution. A very promising effort to establish a French republic, inspired by the creation of the United States, was taken over by the Jacobins and ended up with the horror of the guillotines and the Jacobin terror, leading to the Empire of Napoleon Bonaparte and the Napoleonic wars, which naturally led to a great disaster in Europe. So, it could go that way. That way was described by Friedrich Schiller: “A great moment had found a little people.”

Or, more hopefully, this French ferment could line up with the desire to cooperate in a New Paradigm to create a completely new system, very much in line with the American System of economy, as practiced

by the young American republic. Taking this path would find France working with Russia, China, the United States, developing Africa, developing the Middle East.

So, a crossroads: We will see more turmoil, the financial system could come down at any moment, and in that moment, really even before then, we have to have the Four Laws of Lyndon LaRouche; and we have to have a new credit system. Tall orders, but not out of the question were all of you to help us.

For a long time, we in the Schiller Institute have been presenting these ideas. Lyndon LaRouche’s ideas have affected many parts of the world and are working now in processes clearly inspired by his work. But now comes the crucial battle. So, don’t sit on the sidelines. Join the Schiller Institute and let’s do everything we can to move the world to a safer place.

**Schlanger:** The one beautiful characteristic of a great moment is that the average person can now play a role in changing the future. We need you, our viewers and readers, to rise up to the great challenge before us. Helga, thank you very much. We’ll see you next week.

**Zepp-LaRouche:** I hope so.

NEW RELEASE, **Volume II**

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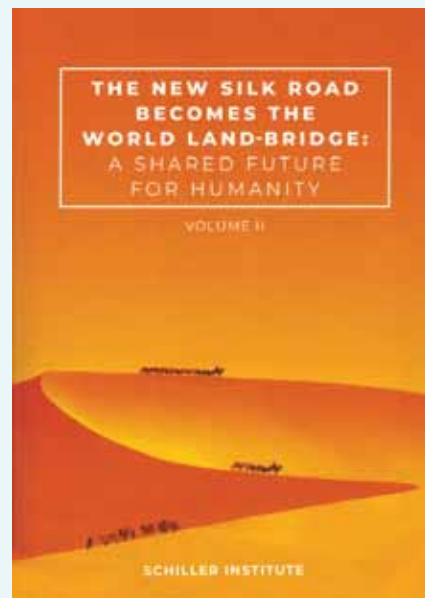
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