

Helga Zepp-LaRouche: We Are In a Pre-Revolutionary Period

Helga Zepp-LaRouche is the chairman of the Civil Rights Movement Solidarity party (BüSo) in Germany, and the founder of the Schiller Institute—as well as being the wife of EIR Contributing Editor Lyndon LaRouche. On June 4 she was the guest on The LaRouche Show, a weekly Internet radio program that airs on Saturdays from 3:00-4:00 p.m. Eastern Time.¹

Harley Schlanger: Welcome to The LaRouche Show. It is Saturday, June 4, 2005. I'll be your host today: I'm Harley Schlanger, the Western States spokesman for Lyndon LaRouche. And with me today, will be Helga Zepp-LaRouche, who will be joining us from Germany. We'll also have a panel of members of the LaRouche Youth Movement, with Sharon Stevens from Detroit and Tarrajna Dorsey from Seattle. . . .

I'm very happy that Helga could make some time for us today, because this has been a week of fascinating developments with an almost breathtaking acceleration of potential for change—for better or for worse—in the global strategic situation.

I think we should begin with the events in Europe. The BüSo, which is the party which is chaired by Helga, played a major role in the recent elections in the state of North Rhine-Westphalia, in Germany. And voters there expressed their

opposition to the neo-liberal, free-trade globalization policies of the European Union. And then, the French voters rejected the European Union Constitution, in a referendum last Sunday, and that was followed by a resounding “No” from Holland.

Helga, what do these votes mean? And what are the broader implications of these developments?

Helga Zepp-LaRouche: Well, it simply means that the grip which the institutions of the Maastricht Treaty had over Europe are breaking apart, and that the population is expressing very, very strongly, in an almost pre-revolutionary kind of mode, their opposition to the neo-liberal, ecological, neo-con paradigm, which basically was the reason why we are in this crisis in the first place. You have an actual revolt: For example, today, following the French referendum and the Dutch rejection of the European Constitution, the largest tabloid in Germany, called *Bildzeitung*, had a big banner headline on the front page, where they had called their readers to make a poll how they would vote on the European Constitution. So, 400,000 people called in, and 96.9% voted No!

Now, while this is not a scientific poll and obviously not really representing the full population, it gives you the sentiment of the population: People are *fed up*. They hate to see their life work being destroyed, their pensions going out of the window, their entire future in shambles, and with the political class completely regarded as not trustworthy. So, what is happening in Europe, right now, is really a rejection of those oligarchical institutions which were trying to control the population and eliminate sovereignty altogether. So, it is a very, very fascinating situation.

Hedge Funds Are ‘Locusts’

Schlanger: There was an interview yesterday with Italian Welfare Minister [Roberto] Maroni, in which he brought up this question of whether or not there should be a referendum on getting rid of the euro. And apparently, there was quite a reaction to that. Is there some discussion of this, and

1. This edition of The LaRouche Show is archived at <http://www.larouche-pub.com/radio/index.html>.

Earlier on June 4, Lyndon LaRouche spoke with two cadre schools of the LaRouche Youth Movement on his latest paper “The Noëtic Principle: Vernadsky and Dirichlet’s Principle,” which was referenced in The LaRouche Show discussion. The transcript of his opening remarks was published in *EIR Online* at: http://www.larouche-pub.com/eiw/public/2005/2005_20-29/2005-23/latestlyn.html

The audio file of entire three-hour discussion is available at: <http://wlym.com/mp3/20050604-lyn-cadre.mp3>.

Both The LaRouche Show and Lyndon LaRouche’s cadre school discussion can be listened to by phone at 918-222-7201, Box 595.



EIRNS/Bill Salisbury

Helga Zepp-LaRouche: "What is happening in Europe, right now, is really a rejection of those oligarchical institutions which were trying to control the population and eliminate sovereignty altogether."

how far has it gone, from what you know?

Zepp-LaRouche: Well, it is generally the perception of everybody in Europe. In Italy, every single party—except I think the government party of Berlusconi—came out for a referendum, not only on the lira versus the euro, but also on the neo-liberal policy agenda in general. In Germany, people *hate* the euro. Everybody knows that the statistics people are putting out, are completely off the wall; because officially, there's no inflation, but everybody knows that with the introduction of the euro, prices simply doubled in most cases, and in some categories, even more. So, there is a resounding rejection.

And things are moving very, very quickly. We have now a situation, where in Europe, almost every day, you have a new, major change in politics. And I think that the question of the euro is obviously totally dependent on what happens with the monetary system in general. There is a lot of discussion that the hedge-fund crisis, which is the result of the junk status degradation of the U.S. auto sector—GM, Ford, the supplier industry—it is generally the talk in the financial markets, in London, in Switzerland, that by the end of June, we will have, at the end of the second quarter, a major crisis. Because, the rumor goes, that the hedge funds lost 40% of their capital assets since the downgrading of Ford and GM to junk status.

So, obviously, if there is a major blowout of the financial system, then the question of protecting the well-being, the

common good of the people, is the key question on the table. And as long as you have these structures, like the Maastricht Treaty, the Stability Pact, the European Monetary Union, the euro, national governments will be prevented from taking the kinds of action which they need to take if they want protect the interest of the people.

So, in any case, no matter what happens, we will head towards a major change.

Also, the fact that now France and Holland have officially rejected the European Constitution, and there are big postponements in all the countries which have not yet voted on the European Constitution, in all likelihood, this will mean that the very idea of the European Union's expansion, as it was promoted after the collapse of the Soviet Union, is now dead and buried. And people realize this was a mistake. This was an erroneous direction. And next Tuesday, the new Prime Minister of France [Dominique] de Villepin is probably going to announce some major investment program. He has already de-

clared that he will give himself 100 days to restore the trust of the population, with a major public works investment program.

Then, one week later, on June 13, Chancellor Schröder has a big meeting with his [Social Democratic] party, the SPD, where he is going to announce some measures to control the "locust" activities of the hedge funds—that is now the new big word for predatory capitalism in Germany. Because, in the last years, the last two years in particular, there was an absolutely unbelievable attack by international hedge funds on, especially, German middle-level industries, the *Mittelstand*: Basically ripping them off, and then leaving the country with their profits, and leaving these firms either in bankruptcy or much-reduced employment. And there is simply an awakening that globalization is going to *kill German industry*, if this is not being changed.

So, on June 13, Schröder is going to announce some major measures against the hedge funds. And it is my firm belief, that in the wake of the collapse of the European Union structures, what will emerge is the idea of a core Europe—basically, Germany, France, Spain, Belgium, maybe Italy—and these will take the initiative, and just forget about the rest.

The End of an Era

Schlanger: Helga, I met with a couple of Democrats here in California, yesterday, and one of them, a few minutes into the discussion, said, "I don't get what the euro has to do with

what we face in the economy.” And I think it’s important, given what you’ve just presented, that you put this in the historical context of the “end of an era.” That this is not simply some bumps in the road, or some minor changes: But we’re actually looking at the end of an era, which had been forecast 35 years ago by your husband. I wonder if you can just give that sense of the drama of history, of what just occurred.

Zepp-LaRouche: Well, what is happening now, is exactly what Lyn had predicted and prognosed, after Nixon and Kissinger decoupled the dollar from gold in 1971, on Aug. 15, which was the end of the old Bretton Woods system, and the beginning of the speculative bubble.

Basically, through the creation of the Eurodollar market, and the offshore credit creation, this process, which led in the final instance to the unbridled free-market economy of globalization; that process, which, really, put to a disadvantage production and put in absolute advantage speculation; this process is now, indeed, coming to an end, exactly as Lyn prognosed 35 years ago.

But to take it a little bit closer to the recent history: You all remember, that in 1989, when the Soviet system collapsed—first the D.D.R., East Germany, collapsed, basically because the East German economy was completely bankrupt. The Soviet Communist system was completely bankrupt. And, at that point, in collaboration with Lyn, I proposed to replace the then-existing system with a new one, which we called the “Productive Triangle Paris-Berlin-Vienna” at the time.

Now, this was a very crucial period. The Soviet Union collapsed, which had been predicted and prognosed by Lyn in 1983, when the Soviet government had rejected the offer by President Reagan to cooperate on the SDI. Now, at that point, almost nobody on any statesman level, had any idea that the Soviet Union would ever disappear. But the Communist system, which had lasted for 70 years, did indeed collapse.

Now, at that point, I was making many speeches, in the so-called “new states,” of Germany, later in Eastern Europe, and even later in the CIS, the former countries of the Soviet Union, in which I very strongly made the point, that if the West would make the mistake to impose on the bankrupt Communist system, the then-already-equally-bankrupt free-market economy system, then it would only take a couple of years, and then you would face an even larger collapse on a world scale.

Well, that’s exactly what happened. Because, for geopolitical reasons, that moment was completely missed. The great chance of ’89, the absolutely breathtaking possibility to change the East-West relationship for the good forever, was completely missed: Because then you had the neo-cons influencing the old Bush Administration, by saying, “Okay, now the Soviet Union no longer exists. Now we can go to the New American Century doctrine. We can transform the American Republic into an empire, and push for a one-world domination by the neo-cons.”

The effect that had, on Germany for example: Germany, at

that point, went into the process of unification. And obviously, there was the possibility that Germany would have played a major role in the development of the East. Because, the reason why the Communist system collapsed, was because of a gigantic disinvestment in infrastructure, tremendous primitive accumulation against industrial capacities, against labor power and so forth. And it would have been the normal, natural function of Germany to help not only Eastern Europe and East Germany, but to help, also, the countries of the former Soviet Union to overcome their economic difficulties.

But that was, for geopolitical reasons, an absolute thorn in the eyes of the neo-cons. So that, at that point, you had [British Prime Minister] Margaret Thatcher starting the campaign that Germany would be a “Fourth Reich,” which was ridiculous, because, poor Chancellor [Helmut] Kohl—you can say many things about him, but he definitely is not a Fourth Reich representative. [French President François] Mitterrand did everything, to prevent unification. And in the Bush Administration of the old Bush at that point, you had people like Scowcroft and Eagleburger, who said, “Well, we cannot openly be against unification, because that was the *raison d’être* of U.S. foreign policy in the entire post-war period. So, we have to get a different trick. The trick is, we have to get Germany to self-contain, through supranational structures”—like the Maastricht Treaty; like the early European Monetary Union.

Origins of the European Union

Schlanger: Helga, when you said earlier that it is the policies of the financial oligarchs that have been rejected in these recent developments, this is what you’re talking about: the establishment of a European Union as an enforcement arm of globalization and free trade?

Zepp-LaRouche: Yes. But, let me just explain this to you. Because, I think, even if it may sound a little bit complicated, it is very important for American listeners to understand what is exploding now.

In ’89—and I want you to recall, because many of your listeners are probably too young to remember, because they were five or six years old when this all happened—but, at that moment, people were dancing in the streets; they were happy about German unification; overcoming the division which had lasted for the entire post-war period, and there was a big expectation that something very good would come out of it.

But, there was this geopolitical manipulation. For example, we put out the LaRouche program for the development of the East; but, Mitterrand sent Kohl a message in November-December ’89, saying that France and all the others, such as Great Britain, would only agree to the German unification, if Germany would agree to the early European Monetary Union, which was the basis on which the euro was introduced.

Now, Kohl knew absolutely that that would weaken the deutschemerk, because the deutschemerk was a very strong currency, and if you make it a common currency for 10, 15,

25 states, which all have different degrees of development, it just introduces weaknesses which were not there before.

So, that was put on the agenda of European Union in December '89. And everybody fell over Kohl, and said, "You have to agree to the European Monetary Union, the euro." And Kohl, later in interviews, called that meeting of the European Union in December, "the darkest hour" of his life.

But, you know, what happened was, the euro was introduced. The deutschemark was eliminated. The Maastricht Treaty was agreed. The Stability Pact, which is a *horrendous* austerity mechanism, which basically prevents the European governments from making any investment programs through state-financed credits, to come out of the crisis—this was all implemented and contributed to the weakening of the European economies.

And that was the perception of the population. So, the new European Union Constitution would have put that into a form, in which it would have been forever: imposing a corset on the European economies and governments in a time of absolute economic crisis.

So, what you see right now, is an explosion and a rejection. And while it is very dangerous, it's also a tremendous chance to really go in a totally different direction, and to go in the direction of working together in the tradition of the Gaullist idea, not of supranational structures, but of an entente of sovereign national states for the common good. And obviously the natural inclination for Europe is to go East, to cooperate with Eurasia, to cooperate with the new strategic triangle, Russia-China-India.

So, we are really in a revolutionary situation where everything can go wrong, or everything can go in a positive direction. And people experience that sense—that we are in such a moment of tremendous historical change.

Cheney Threatens Nuclear Strike

Schlanger: I'll bring the youth panel on in just moment, but I do want to bring up a point that was made in a note yesterday from Lyndon LaRouche, and was discussed again in the cadre school this morning: Which is, the danger—as you say, there's tremendous positive potential; but there's also a danger here: That we have a lunatic President who's being run by a sociopathic Dick Cheney, who's in turn run by his wife, Lady Macbeth Lynne Cheney. And there's a threat of using mini-nuclear weapons against North Korea.

Helga, what can you tell us about this? And is this danger of the possibility of an insane Bush Administration lashing out, is this understood by leaders in Europe?

Zepp-LaRouche: Well, obviously, the fact that Cheney made this interview together with his wife on the Larry King show, it was aired on Tuesday, did not go unnoticed by the political insiders in Europe. And, when Cheney said that North Korea was one of the worst states, governed by the worst leaders, and that something had to be done about it, it was really read as a very calculated provocation. And the North Korean government immediately put out a very

interesting statement, by saying that Cheney was the most bloodthirsty tyrant, who had spilled blood all over the Earth, and so forth—which, given the situation in Iraq, nobody can really completely deny. But, we had already developed intelligence from Asia, from Japan, from South Korea, about an impending danger of a pre-emptive nuclear attack on North Korea.

So then, we started to check that with various contacts we have in the military, especially, in Germany, in Italy, in France, in other countries, and we got back a very, very harsh picture: That, indeed, the European military is watching this with great horror; that they say, "Yes, absolutely, domestically the Bush-Cheney Administration *is* a lame-duck administration, because of the opposition to a coup d'état in the Senate, because of the non-functioning of their plans to privatize Social Security; because of the Bolton nomination, and all of these things. *But*, it would be grave mistake to think that that administration is a lame duck in terms of foreign policy and military adventures."

And we talked to several military sources, who said, basically: We see a very high possibility—one even talked about 80% probability—that one fine morning, the world would wake up and a pre-emptive nuclear strike on North Korea would have occurred. And this particular source then said, "Well, it's not very difficult. They just do it. And then, naturally, North Korea will respond with one or two nuclear attacks on Japan or South Korea. And then that will be blamed as the reason why the strike was necessary, in a kind of *post festum* rationalization of something which was originated by the neo-cons."

So, it is a very dangerous thing. And I think that can *only* be stopped from inside the United States. I think that there is nothing one can do, from Europe for sure. It is very dangerous, because everybody understands, it is not Iraq, it is not Iran, it's not North Korea, which is at stake. But at issue, is Russia, is China, and also, in a different but similar way, India. And if such a nuclear attack would occur, *nobody knows* what would be the consequences. Because the Chinese already have a very dramatic sense of encirclement. They look at the different actions from Japan concerning Taiwan, they look at what happened in Kyrgyzstan, in Uzbekistan. They already think that they are being targetted for territorial destabilizations, and the same goes for Russia.

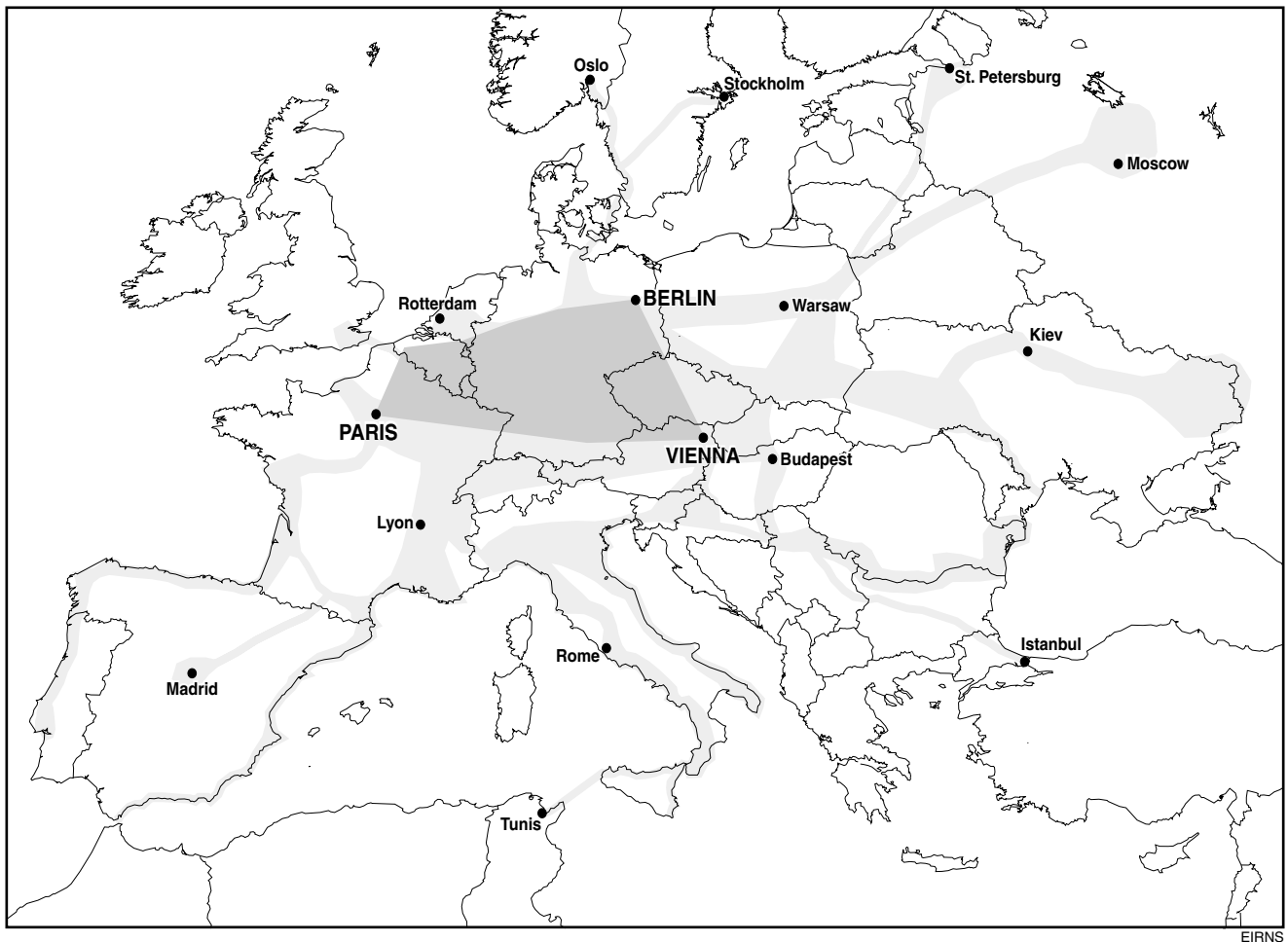
So, I think it is *really* important, that people in the United States wake up, and stop this, because this could bring the world just to verge of World War III.

Schlanger: That's a frightening scenario. But it's one which is more real than most people are willing to acknowledge.

I'd like to bring in Sharon Stevens, now, from the LYM [LaRouche Youth Movement]. Sharon is in Detroit, and as you mentioned earlier, the hedge funds are heading into a month of tremendous volatility. There may be already up to 40% of the value lost in this. There have been some shakeups,

FIGURE 1

The Paris-Berlin-Vienna Productive Triangle



When the East German Communist system collapsed, Helga Zepp-LaRouche, in collaboration with her husband, Lyndon, advanced the concept of the European “Productive Triangle,” to create a core of high-technology development which would revive the economy of Europe, and then radiate through “spiral arms” into Asia, Africa, and the Mideast.

we may mention later, about Donaldson at the SEC, and elsewhere. But, Sharon is organizing in Detroit, where General Motors is on the chopping block. Sharon, what can you tell us from your organizing from this last period, given the status of General Motors being downgraded to junk bond?

Sharon Stevens: Well, the LaRouche Youth Movement are on a mission in Detroit, to take Lyn’s latest pamphlet, “Recreate the Economy,” and saturate the entire city, as a means by which the union workers in this area can put themselves on the front lines of this battle to save General Motors—which has collapsed, would generate a worse depression than the Great Depression.

And one of the exciting things that occurred recently, was a resolution that was passed by one of the representatives here in Detroit, calling for, and holding accountable the Senate and the government. having an obligation to promote that quality

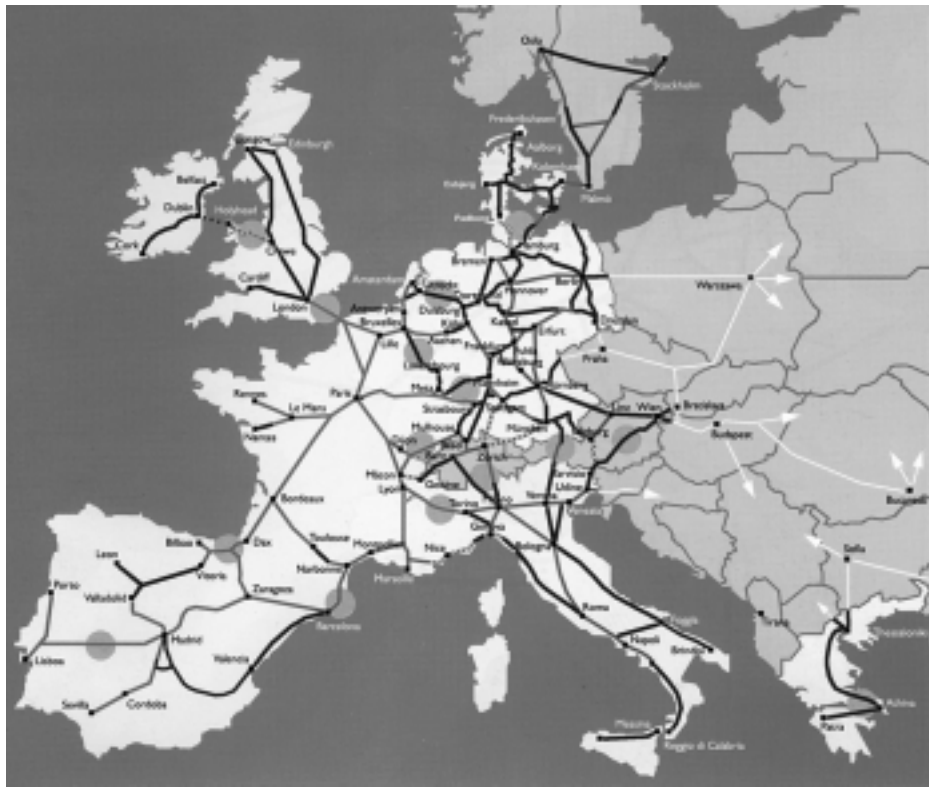
of economic activity, by saving our machine-tool capacity, here in Detroit. Which is pretty exciting, considering the parallel between the fight to save the Constitution—the defeat of Cheney’s attempt to nuke the Constitution—and the parallels to that out in France, with Villepin.

So, I wanted to know, Helga: It seems like he’s acting against such a courageous way against the banking institutions, and this is just a response to the New Bretton Woods: His [Villepin’s] statement of the first 100 days, and winning over the trust of the French people reminded me very much of Franklin Roosevelt, and his march during the first 100 days to rebuild the country.

But, can you develop the infrastructure projects, or the idea of the Delors Plan a little bit?

Zepp-LaRouche: Yes, as a matter of fact, that was almost a carbon copy of the plan I mentioned before, the Produc-

FIGURE 2

1994: European Union Projects

The “Delors Plan,” proposed in 1994 but never implemented, would have created 14 transport corridors in Europe. It was virtually a carbon copy of the LaRouche Productive Triangle concept. The projects were strangled by the European Union’s ill-named Stability Pact, which cut off investment to infrastructure and industry, leading to the enormous crisis of unemployment we see today.

tive Triangle Berlin-Paris-Vienna. Because, when the Wall came down between the East and West of Europe, what we said, is there was no more reason not to have a massive infrastructure program uniting Eastern and Western Europe. And we proposed, at that point, to take the territory between Paris, Berlin, and Vienna, which has the size of Japan and was—and, in a certain way still is—the largest concentration of industrial machine-tool capacity in the world. And we said, at that point: Okay, let’s take that area, beef it up through advanced technologies like the maglev train, the HTR reactor, other future-generation technologies, to increase the productivity of that economy. . . .

So, we proposed at that time, ’89-90, a European-wide transport grid, with advanced infrastructure—maglev trains, high-speed trains, waterways, highways, computerized railway stations for cargo and for people—and that particular plan, called the Productive Triangle, was then copied in 1994—to the dot—by [then EU Commission President Jacques] Delors. And I can only encourage, for people who want to study who defined what idea in history, to compare our proposal from 1990 to the Delors Plan in ’94. And the

Delors Plan had exactly the same kind of European-wide transport infrastructure grid—*except* the railway between Munich and Zagreb, because at that point, some cynical people expected the Balkan war to continue for a very long time, so they left out that particular piece of the line.

And that is now coming powerfully back into discussion: Because it is clear to everybody, that Europe will not come out of this crisis without a public investment program in the same way as FDR did with the New Deal, in basically giving credit to everybody who wants to produce something useful, provided it is increasing the capital assets of the economy, and is investing in areas of the common good.

So, right now, for example, the Deputy Prime Minister of Italy, [Giulio] Tremonti, came out just two days ago, and said, “Now, what has to be put on the agenda is a Delors Plan.” De Villepin is supposed to come out on Tuesday with a major investment program—which, I hope, will be big enough, because that is the biggest problem: All the demands in the recent period, they were just

too little. Tremonti had demanded \$60 billion investment over a period of *six years*.

Now, given the enormity of the economic crisis, we have, for example, 9 million unemployed in Germany alone—and that is 3 million more than in 1933—such investment programs must be much, much bigger. We have campaigned for over a year that Germany alone, must have a minimum annual investment program of publicly financed credit, of 200 billion euro every year. And if you take Europe as a whole, the figure is more like *1 trillion* public credit every year to get out of this crisis.

And that will be the big battle: Because if Schröder, Chirac, and other European leaders are not doing that, then you will have a complete catastrophe.

The BüSo’s Current Role

Schlanger: I’m going to be bringing Tarrajna on in a moment. But, Helga, I have a very personal question to ask you. Because, as you’ve been discussing this, it’s clear, that from, in particular, the opportunity of 1989, with the fall of Communism, you’ve been at the center-stage of all these

fighths. The work you've done initially with Productive Triangle, then the Eurasian Land-Bridge, the fight for a New Bretton Woods: It seems as though there's finally a recognition among certain people—I noticed today that an online journal references [CDU Chairman Angela] Merkel running for Chancellor as the first woman, and then said, “of course, there is Helga Zepp-LaRouche.”

To what extent do you have a sense now, that this fight is getting through, in two ways: First of all, to people like Schröder, to people in the political institutions? And secondly, talk about the potential of the Youth Movement in Germany, right now.

Zepp-LaRouche: Well, first of all, I think we are definitely shaping the ideas. For example, we published a book just a couple of months ago, called *The German Neo-Cons*. Because we had the whole campaign with the *Children of Satan* pamphlets in the United States, discussing the historical phenomenon of the neo-cons. And, unfortunately, such phenomena do exist in Germany, as well. You have a whole bunch of people who had come out, all of a sudden, with an attack on the Constitution, an attack on the role of the state. And the German Constitution—with all its shortcomings, and it may be not as great as the American Constitution—it has a couple of *very* important points: Like, for example, the Constitutional confirmation of Germany as a social state, which is only legitimate if it's devoted to the Common Good; and, that the population has the right to resistance, if somebody tries to change that status of the German state as a social state.

Now, we had put out a book, which was sort of a crash program, to name all the people who are trying right now to undermine the Constitution. I mean, basically, the same kind of effort as you saw with the “nuclear option” against the filibuster in the United States; you had a whole campaign of people representing private associations, foundations, and so forth. So, we published all of that. And we published the arguments to defend the Constitution, to defend the role of the state, especially in crisis periods, because in crisis periods the state is the *only* institution which can defend the interests of the people.

So then, after three months—and that book went like hotcakes, this was one of the best-selling books we ever had—all of a sudden the chairman of the Social Democrats, the SPD, whose name is Franz Müntefering, came out with this attack on the “locusts,” capitalists who are flooding the country with hedge-fund attacks and so forth. So, everybody knows this is us, because he started to use the same words, “defense of the Common Good, defense of the role of the state”; and everybody also knows that the only people who were talking about “public investments on a large scale” were the BüSo.

So, I think we have an increased recognition. There was even in the leading German neo-liberal, neo-conservative daily, the *Frankfurter Allgemeine Zeitung*, in the same week, two freakouts in which they said, “The LaRouche couple are on two sides of the Atlantic trying to revive the tradition of

Franklin D. Roosevelt. He's doing it with the Democratic Party in the United States. She's trying to influence the Social Democracy in Germany.” There was a complete freakout.

But, it really reflects that the establishment, the neo-liberal establishment, *knows* that the issue is: fascism or Franklin D. Roosevelt. And I think we have put that on the map, in absolutely clear conceptual terms.

Now, the Youth Movement in Germany is doing a fantastic job. If you remember, a year ago, in Saxony, they revived the Monday demonstrations,² which was a big thing. And it's not off the table. And if things go in the wrong direction, that is an instrument which is still there to be revived. They did a fantastic election campaign in North Rhine-Westphalia.

And I must say, there is an unbelievably beautiful intellectual ferment, which is really happening among the LaRouche Youth Movement in Europe, where people study, essentially, Lyn's papers: the whole question of Vernadsky, the whole question of what are the *principles* which people have to master to bring back the economy. And they are doing the same thing as what they're doing in the United States: They're setting up meetings with congressmen, with parliamentarians, with aides; they're going into trade union offices; and they're just turning the whole country upside-down. And they *totally* committed that in this historical period, not only that we will not have a tragedy again, but that also the historical chance which lies in this crisis is not going to be missed.

So, I think that they're really in a very, very good spirit, and I'm very happy with them.

‘One Fist Across Two Continents’

Schlanger: Good. We once had an idea, that I think is still totally valid today, of “one fist across two continents.” And someone who's going to be part of that fist across two continents is Tarrajna Dorsey from Seattle, who will soon be over in Germany, with you.

Tarrajna, why don't you give us a report on what's going on in Seattle. And, if you have a question for Helga?

Tarrajna Dorsey: Sure. Well, I wanted to take up first, just what Helga and we've been illustrating over these last 30 minutes or so, about this great potential in this time period right now, in both Europe and in the United States. And I know that LaRouche, this morning, when he was addressing the East Coast cadre school, he was talking about a conceptual problem in the thinking of the population here (and I would imagine it exists in Europe, as well); in terms of how people are thinking about economics in a very short-term and empirical way, as opposed to looking at the causality of what's led up to now, and the history.

And so, I was thinking about what he said, in terms of

2. The “Monday demonstrations” in East Germany, growing week by week during 1989, shook the foundations of the Communist state, leading to its collapse by year's end. The tradition was revived, at the impetus of the BüSo, in the Summer of 2004, to mobilize widespread opposition to the Berlin government's new Hartz IV free-market austerity program.

what we're running into here, in Seattle: Where, I know that, in light of what just happened in the Senate, here in the United States around the nuclear option, and this historical defeat of an attempted coup on the part of Dick Cheney and Rove—which I've found a lot of people did not really understand the relevance of; or, in fact, on a lot of the campuses here, didn't even know had happened!

So, I was wondering, just with what's been happening in Europe, around the European Constitution, and the French and Dutch votes: I was wondering what the conceptual understanding is in the population towards what's happened? And also, Helga, how you would suggest we can begin to approach this conceptual problem, in both the thinking of the people in the United States, and also—I would assume—the pessimism in Europe towards the ability of the United States right now to make a complete breakthrough?

Zepp-LaRouche: Well, first of all, about the failed coup attempt in the U.S. Senate, you had only the *Guardian*, *Le Figaro*, *Libération*, *Neue Zürcher Zeitung*, who reported about that. The German press *completely* censored it: There was not one word of it, even though obviously if you have these other papers reporting about it, everybody knew. And in the case of the *Guardian*, it was Sidney Blumenthal, who I think is an associate of Clinton, who explained quite in detail what was the significance of what had occurred in the Senate.

I think that the oligarchy is *completely afraid*. Because, it's really the question of: Can people get rid of the fear, and be potent? Because the entire change in the political climate in the world, but especially after Sept. 11 in the United States, there was this reign of terror, and that the population was controlled by fear. And obviously, when the Bush Administration supposedly was re-elected on Nov. 2, the whole world was in shock, and said, "Oh my God! Four more years!" And people got somehow really demoralized and pessimistic.

And obviously, we have turned this around in the United States in a fantastic way, through Lyn's interventions at various points, through what you guys did in a heroic way. And I think there is a real concerted effort, to make sure that the rest of the world does not really know about that, because they would think differently. And while we have picked up that the political class in Europe does have a sense of the change—and they admit very openly that it was Lyndon LaRouche who revived the Democratic Party, who mobilized on Social Security and other issues, and caused a change—I think there is still a tremendous vacuum, where, if people knew what is happening in the United States, they would be more courageous and would think more clearly, what are their options.

So, one of the most useful things from our standpoint, was the interview, which was on The LaRouche Show a couple of weeks ago, with the UAW [local] presidents from Ohio and Detroit,³ in which they basically said, that the only chance to save American industry, *is* the proposals that Lyn made for the reconversion of the auto sector into other kinds of production,

like fast trains, maglev trains, infrastructure, sluices, waterways, and so forth. And then they said: We thank Mr. LaRouche, because he's the only one out there to defend us.

That's the kind of thing which we have to feed into Europe. And I think we can probably do a lot, since, Harley, you mentioned this "one fist across the Atlantic," to really cross-feed these kinds of things, because it *is* one battle: Globalization is the enemy of both the labor movement and the population in the United States, as well as in Europe, or any other place in the world.

So, I think that that is definitely something where we can think more, to set up interviews, to cross-feed things, and I think we need a real brainstorming in this respect.

Now, otherwise, I think that the question of the conceptual understanding: I think that what the LYM is doing right now, by mastering the concepts of physical economy on a very profound level, and then going and teaching politicians, trade unionists, and so forth: What is physical economy? What is Vernadsky's conception of the domination of the Noösphere over the Biosphere and the abiotic realm of the planet? Of other conceptions, like, "How does the New Bretton Woods function? How does the Eurasian Land-Bridge function? What are the principles involved?" I think we just have to assume, that, because of the shakeup—which *will* occur in the next weeks; maybe days, maybe hours, at best months, but I'm more thinking in terms of weeks—this is a revolutionary period, in which people are ready to understand things they have not been able to understand before. And I think we have a tremendous opportunity, to really undo the paradigm shift which has happened for 40 years, and put a completely new set of principles on the agenda, of optimism, an economy based on an image of man, where the identity of man is man as a *cognitive being*: Different from all other living beings, man can change the universe! Man can come up with new and better conceptions about the laws of the physical universe. You can make hypotheses; you can understand the laws of creation more and more deeply; you turn scientific discovery into technological progress, and when you apply that in production, you increase the productivity of the production process.

And these are ideas, where people who are fed up with money, they're fed up with the fact that only a very small portion of the population—the upper 1% maybe, or maybe 2%—are stuffing their pockets with money, and the rest of the population is collapsing in poverty: I think we have a real opportunity, where we can go to the fundamentals of what makes a society function, and I have found an increasing openness in many European countries, and I think it's a wide, wide open situation.

Quadrillion-Dollar Swindle

Schlanger: . . . Lyndon LaRouche was talking about the "Enron syndrome" of Bush in relationship to the sacking, the firing of the head of the SEC, who was not really a paragon of virtue—William Donaldson—but, who obviously recog-

3. See " 'Retool Auto Industry, Stop Globalization!' " *EIR*, May 27, 2005.

nized that this hedge-fund system, with the derivatives, with the junk bonds which are just filling up the coffers of these financial vultures: that this system is set to blow. And he tried to bring some regulation, and they *dumped* him, and just brought in a very sleazy Congressman from Orange County [California], Chris Cox, who's been nominated by Bush. Now, this appears to be the same thing as what is being addressed by Müntefering.

And I wondered if you could just say a little bit more about what the hedge funds are doing to destroy the *Mittelstand* in Germany right now? And why this has become a critical issue—maybe one that can cause a shift away from the “red-green” coalition, into a better approach from the SPD?

Zepp-LaRouche: Well, basically, what these hedge funds are doing, I mean—they're like gigantic speculative firms. They sometimes have an enormous amount of capital. They can attack a currency, a country, an industry. And what they have been doing systematically, especially against the Germany *Mittelstand* in the last two years: They would come in, buy the majority of the shares of such a firm; sell the so-called non-profitable parts; and then, after a certain while of speculation, they leave it, and either they keep it or they dump it; but one firm after the other has been destroyed. I think 5,000 very highly functioning *Mittelstand* firms have been ruined in this way, in the recent period.

Now, these things are not under the control of any government or central bank. You have both official derivatives trading of these hedge funds, but you also have so-called “over the counter,” illegal and uncontrolled, derivatives speculation, in which nobody really knows how big it is! Not one government! Not even the Bank for International Settlements, which is sort of the central bank of all central banks, has, according to their own annual reports, an overview of how big this speculation is. They put out recently a figure, that the combination of derivatives trading and currency speculation, in the last year, has reached the unbelievable volume of \$2 *quadrillion*—I think that's a “2” and then 15 zeroes. . . . And it is vastly, vastly—maybe 50 times more, or (one doesn't know exactly) in that vicinity, than the entire GDP physical production of the entire world.

Now, that speculation, it has galloped away, so to speak. In one sense, it has completely departed from physical production, but, unfortunately, in order for this enormous bubble to keep surviving, it needs an income stream out of physical production. And therefore, you have the absurd situation that, for example, a hedge fund takes over a firm, lays off 10,000 workers, and then the stock goes up. Because the so-called “productivity” of the firm has increased—naturally, not the way *we* talk about productivity, but simply because the *cost* of the firm in money terms has been lessened, and therefore, the stock goes up. But, the real production dies, and the jobs get lost, and people die. It's just totally crazy.

So therefore, what Lyn has proposed, is basically a transaction tax on the activity of such hedge funds. Now, this—and I want to be very emphatic—Lyn does not mean to be the remedy

for the problem. But it is just the very first step to find out what is the volume of these speculations, because nobody knows at this point. And once you know what the volume is, then you can say, “Okay, we need to take the following measures.”

But, nothing short of the entire package of what Lyn is proposing, to have a New Bretton Woods system in the tradition of Franklin D. Roosevelt, to get rid of derivatives speculation altogether, to get rid of most of the categories of debt in the financial system, and most importantly, to go to national banking in the tradition of the First National Bank of Alexander Hamilton, and put the credit generation under the sovereign control of governments—nothing short of that entire package will solve the problem.

Schlanger: Well, at a very early stage in this new paradigm, which is now being rejected, Lyn said, “Deregulation is a license to steal.” And we've now seen that, over and over and over. So, we're at a point, where *re*-regulation is the only way to reassert, not just the sovereignty of the nation-state, but the potential for human development.

You also can find there, in the archives, the May 14 show that Helga mentioned a few minutes ago, the discussion with the leaders of the trade union movement in the United States, on the proposal Lyndon LaRouche has made for retooling industry. . . .

We're down to just a couple minutes each. Sharon, do you have something else you'd like to raise?

Stevens: Except to say that, in Detroit, hitting the plants and standing at the entrance gates, and giving the people of Detroit, who've been beat down and their city has been destroyed, the optimism to really see themselves as potent individuals, where they have to master the potential for human development—of understanding what went on with the physical economy, and how it's collapsed—has just been very exciting. . . .

Schlanger: This is, in fact, a change. I can remember many times going to organize at auto plants, and being chased away by union goons with baseball bats. So, clearly the receptivity has improved. But, it's also because the plants are now being shut down!

Tarrajna, do you have something more to add?

Dorsey: Yes, actually. I just wanted to add that I completely agree with what Helga is saying, that now, as these plants close, as people's pension funds are disappearing, and the post-industrial fantasy is slowly dwindling away, there's more of a potential than ever for people to begin to understand the ideas that LaRouche is putting out; including this pamphlet, where, hopefully, we can match the derivatives market and get 2 quadrillion bundles of these out in the United States!

And also, since this is an initiative that's intended to be circulated in the Senate, I know that there's great potential for the Senate in this bipartisan coalition that we're seeing, to take the ball and run with it.

And I just wanted to see if Helga wanted to end with

some of the things that they're doing in Europe, with the New Bretton Woods petition that they're circulating; and whatever else, Helga, you wanted to bring up, in terms of this campaign coming up.

Zepp-LaRouche: You know, I have reissued a previous call for a New Bretton Woods emergency conference, which Lyn demanded many years ago, and we have started to get signatures. And we have, from Italy, about 20 parliamentarians who, in part, made the Senate resolution⁴ as a legal, binding recommendation to the Italian government to convene such a conference. Now, we have very important signatures, from a parliamentarian from Argentina; a Senator from the Philippines; from Poland, from Hungary, even from Germany. We will have, for sure, I was promised some from

4. On April 6, the Italian Chamber of Deputies passed a motion calling on the government to promote an international summit meeting "to globally define a new and more just monetary and financial system."

France. We have several Danish parliamentarians.

And I *really* would urge you: Please, make sure that we get a couple of important Democratic or trade union signers from the United States. I know that you're busy with the saving of GM and all of these things. But you have to think, that it really would strengthen our effort internationally, if they would see that some people from the United States—which they did on previous petitions. The call I issued in '97 to Clinton, was signed by *hundreds* of state legislators, of former Congressmen; the call I issued in 2000 was also signed by many.

So, that's my personal wish, that you please get a couple of people to start picking this up. Because this question will come on the table, maybe already this month.

Schlanger: Okay, Helga. We're out of time. We'll get to work on it. And thank you very much for joining us today.

Zepp-LaRouche: It was a pleasure to be with you.

A New Bretton Woods Now!

Here is the petition which Helga Zepp-LaRouche issued in April, which is gathering international support. The full list of signers can be found at www.bueso.de.

The paradigm shift of the last four decades, a period in which the world economy increasingly abandoned manufacturing and gave itself over to untrammelled speculation, is now drawing to an end. The world financial system is about to implode. Gross production worldwide stands at a mere \$40 trillion, over which looms a gigantic debt bubble 50 times that size, viz., \$2,000 trillion worth of financial liabilities. The impending bankruptcy of General Motors and, potentially, of the entire U.S. automobile industry, is but one of many factors that could well lead to the collapse of the U.S. dollar, and thereby, that of the entire financial system.

To prevent the world's people from suffering the untold harm that the breakdown of the system would unleash, we the undersigned demand that an emergency conference be convened, to agree upon a new financial architecture along the lines of the Bretton Woods System launched at Franklin D. Roosevelt's initiative in 1944. We stress that Lyndon LaRouche is the economist who has best grasped the causes of the systemic crisis, and who has, moreover, put forward a package of measures that would adequately deal with it: a new New Bretton Woods agreement.

We the undersigned further stress that the Italian Parliament has taken up LaRouche's proposal, and on April 6, 2005, voted up a Resolution calling for "an international conference at the Head-of-State level, in order to lay the

basis for a new and just world monetary and financial system."

The following measures must be implemented if we are to alter the mistaken course that we have followed since President Nixon did away with fixed exchange-rates in 1971, a course that has led to the present upsurge of a grotesque and predatory form of capitalism, thanks to unchecked "globalization," after the fall of the U.S.S.R. The New Bretton Woods Conference shall decide as follows.

1. There shall immediately be re-established fixed exchange rates.
2. A treaty shall be enacted between governments, forbidding speculation in derivative products.
3. The debt shall either be cancelled, or reorganized.
4. New credit lines shall be opened by the State, to create full employment by investing in critical infrastructure and technological innovation.
5. The building of the Eurasian Land-Bridge, as the keystone for rebuilding the world economy, is the vision that will bring about not only a new *Wirtschaftswunder* (economic miracle), but peace in the 21st Century.
6. A new Peace of Westphalia will ensure that for no less than the coming half-century, raw materials shall be extracted and processed for the benefit of every nation on this planet.

We the undersigned believe that so-called "globalization," this predatory form of capitalism, has shown itself beyond all doubt to be bankrupt on every front, whether economic, financial, or moral. It is Man who must stand at the center of the economy, and accordingly, the economy must serve the common weal. The purpose of a new world economic order is to guarantee the inalienable rights of Man.