

# EIR Helga Zepp-LaRouche Webcast

A DIALOGUE WITH SPAIN AND PORTUGAL

## On the Global Crisis And the Future of Europe

*Helga Zepp-LaRouche, the chairwoman of the Civil Rights Solidarity Movement (BüSo) in Germany, gave this [webcast](#) address on April 27. She spoke in English, with simultaneous translation into Spanish. EIR Ibero-American intelligence director Dennis Small introduced her presentation, describing the financial-economic crisis worldwide and in Spain, where unemployment is now officially 24.4%, and much worse among the youth (50% or more). He described Zepp-LaRouche's work, over many decades, for solutions to the crisis, notably the European Productive Triangle and later the World Land-Bridge. He then turned the meeting over to Kasia Kruczkowski of the BüSo, who moderated the proceedings. We publish here Zepp-LaRouche's opening remarks. Her presentation was followed by more than an hour of dialogue with the audience.*



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*The webcast was aimed especially at Spain and Portugal, where the impact of the EU austerity measures is now especially hard-felt.*

Hello, I greet you.

I want to speak about the two existential dangers which threaten the existence of mankind right now. One, Dennis already mentioned, and that is, that we're sitting on a volcano, a volcano which could erupt in minutes, in seconds while we are speaking here; or in weeks, leading to a global thermonuclear war. The second, equally existential question is the fact that the present global financial system, but especially the

trans-Atlantic part of that system, is about to disintegrate.

I think it is important to face these dangers, but let me say in the beginning, that the purpose of this webcast is not to just look at the horrible condition in which the world finds itself. But, the purpose of this webcast is to address ourselves especially to the people in Spain and Portugal who are hit right now with the consequences of a completely incompetent, and I would even say, malicious policy on the side of the European Union, and to start to discuss the fact that Mrs. Merkel is not



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*A demonstration in Barcelona last year against raising the retirement age as a budget-cutting measure.*

right when she says, “There is no alternative.” This is the favorite sentence of Mrs. Merkel; she always says, “There is no alternative to the euro, there is no alternative to the fiscal austerity, to the debt brake, to the bail-outs.” Now that is all not true! There *is* an alternative, and that alternative has been tested in history: It is called Glass-Steagall, the banking separation which was introduced by Franklin D. Roosevelt in 1933, and which led America out of the Depression in the '30s. That can be applied today.

There are also other forms of financial systems—you don't have to stick with a bankrupt monetary system. There is the possibility to go to a credit system, and there is quite an elaborated plan for the economic reconstruction of the United States, of Europe, and even of the world economy. And I want to solicit from this program, people from Spain, from Portugal, but also other countries, to help to put together a reconstruction program, which we have already basically ready in outline, but I want to have the collaboration of engineers, scientists, students, trade unions, and other people, to help to put it on the table quickly.

### **The Eurozone Is Finished**

Now, this system is finished. The Eurozone is about to break apart. Nobody knows this better than the people

in Spain, where Standard & Poor's just downgraded Spanish debt by two notches to BBB-plus, three notches above junk status, which means that the interest rate which Spain will have to pay from here on out, for any kind of credit, will become more and more unpayable. Now, to the best of our knowledge, the entire European banking system is bankrupt. And Spain is just the tip of the iceberg, or just one element of this. Dennis already mentioned that at the IMF meeting in Washington last weekend, behind the scenes, there was quite some turmoil. Bankers were talking about an about-to-happen crisis, bigger than Lehman Brothers, with a minimum figure of EU7 to EU8 *trillion* which would be needed to save only the private sector of the European banking system, between now and the end of this year.

Now, this no mere peanuts, this is trillions. And if you add that to the \$29 trillion which had been injected into the American banking system, you already see that we are talking about hyperinflation, because if you start pumping that kind of money into the banking system with no limit, then you are very quickly approaching a situation like that in 1923 in Germany, but this time, in the entire trans-Atlantic region.

Now, this figure was so big, that the IMF, according to reliable sources, decided not to make it public, because they feared it would spread panic, so they decided

to put out the figure of EU3.8 trillion needed, and then they came up with a ridiculous EU430 billion, a sum which has not even been brought together, because it has to be approved by all the governments that have to contribute to that by the upcoming G20 meeting in June—so there is a huge gap.

And one day after that, in the *Daily Telegraph*, a journalist, Liam Halligan, said that the problem in the European banking system is that the banks of Europe have trillions of non-reported losses, and that is obviously what they needed this amount of money for.

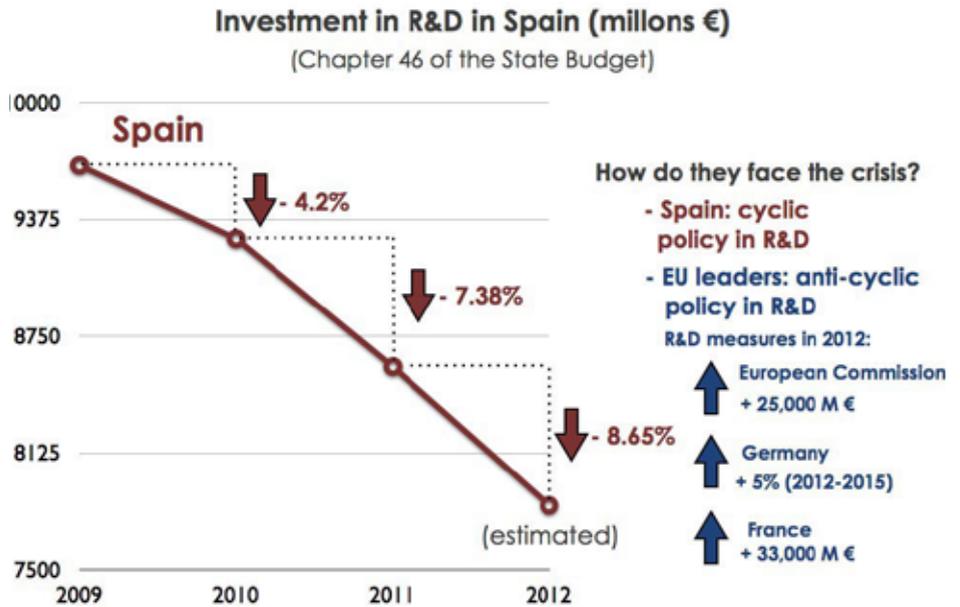
So, we have reached a point where, if you look back at when the financial crisis erupted in July 2007, rather than acknowledging the fact that the casino economy had failed, a process of almost five years of one bailout after the other was put in motion. And these bailouts have done only one thing: They have transformed private gambling debt, casino debt, into state debt.

The states which have made these bailouts, naturally say, “Now we have a state debt crisis, and we need to cut the budget!” So they go to the most brutal austerity programs: They’re cutting health care, they’re cutting science programs, they’re cutting all kinds of pensions, wages, and in that way, ruining the real economy, which is shrinking! The rate of collapse of the real economy in all of Europe, in Greece, in Italy, in Spain, Portugal, but also the so-called “rich countries” like Germany, the real economy is just collapsing. In the United States, the real economy is in a terrible condition.

### Fascism and Hyperinflation

What they have accomplished by these bailout policies, is to basically transform private debt into public debt, and now that they have reached the end of the line, so to speak, they want to have quickly a combination of the so-called Fiscal Union, inserting the “debt brake” into the constitutions of all member-states. Which is insane, because if you have a depression, like we have right now in Europe and in the United States, and you

FIGURE 1



then try to reduce the state debt to achieve a balanced budget, you’re doing exactly the same thing as Brüning did in the beginning of the ’30s, with potentially the same consequences: fascist solutions, both economically and politically.

This brutal austerity is torturing the countries and the people; it’s already committing genocide. If you look at what is happening in Greece, for example, there is no more medicine for cancer patients; unemployment is skyrocketing; people are losing any hope for the future; the young people are emigrating. In Greece, Italy, Portugal, and Spain, you have this phenomenon that the young people and the educated people are leaving, because if you have more than 50% unemployment, obviously there is no hope within this present system.

Now, if you combine that, however, with the idea of a continuation of the bailout of the bankrupt banks, through presently the EFSF [European Financial Stability Facility], and soon—because this was not enough; they couldn’t get the amount of money invested in the EFSF that they had hoped for—they want to move the implementation of the permanent bailout mechanism, the European Stability Mechanism (ESM), up to July 1.

Now, most of you probably know what it is, but let me just quickly say what the ESM would be: The ESM is basically the final step towards a dictatorship in

Europe, towards a European government, which violates almost every constitution. It violates the German Grundgesetz; it violates the ruling of the [German] Constitutional Court, the so-called “Lisbon ruling” of 2009, which said that if there is any more transfer of power to the EU and to Brussels, you need a public referendum.

Now, the people who want to push through the ESM do not want a public referendum; they want to have this mechanism, which would be a Governors Council which would consist of the finance ministers of the member-states, combined with a so-called Directorate, which would be appointed officials, not elected, not accountable to anybody; as a matter of fact, their unaccountability would go so far, that they would be legally completely immune. No state attorney could ever investigate them, challenge them, no banking supervision body could ever look to see if they are competent or not; they would have enormous funds, and they could, with seven days’ notice, tell any member-country to give whatever sum is required, without allowing any opposition from that the member-country.

Now, this is opening the floodgates to hyperinflation, for sure.

And then, they would have the right to speculate with that money, on the primary and second financial markets, again, without supervision and accountability.

Now, one of the many, many anti-ESM citizens’ initiatives which have sprung up like mushrooms in recent weeks, has pointed out that if you create, on top of the EU, such a “law-free zone,” which no state attorney, no judge, no police, nobody can look into, and which would have control over, theoretically, unlimited funds drawn from the state budgets—well, if it’s not yet illegal, it will attract the mafia, like honey attracts bees. Because, if you have such an area, think of all the corruption cases—if you think of the Madoff scandal, if you think about the Angelides Report going into the criminal activity of many of these investment banks, of the hedge funds—you are looking at the *permanent* establishment of the mafia on top of the EU.

You may think that this is a little bit far-fetched, but just look at the history, or look at a recent interview, which the former representative of the United Nations fighting drugs, Dr. Antonio Maria Costa, gave to EIR News Service [in last week’s *EIR*], where he pointed out how, in the banking crisis, the only reason why the

banking system was not collapsing was because of the injection of hundreds of billions, and finally trillions, in drug money. And that that was not something which was offered by the mafia, but it was something which was offered by the mafia, but it was something in part *looked for* by even bank presidents. Now, that gives you a sense about the interwovenness, and the criminal character, of this present system.

Now, this, if it would come into being, would eliminate national sovereignty, it would establish the EU bureaucracy as a de facto dictatorship all over Europe.

### **The Lost Chance of 1989-92**

And if you look back at how we came to this point, well, this was the *intention* of the authors of the EU from the beginning. If you go back to the collapse of the East German government in ’89, the fall of the Wall, this was the moment when the communist system collapsed and disintegrated between ’89 and ’91. And from our standpoint, this was the great historical chance for Europe: You could have done everything possible, you could have started a new peace order for the 21st Century, you could have turned the world into a functioning alliance of states for development.

Now, we know it did not happen. The reason why it didn’t happen, was because Margaret Thatcher, François Mitterrand, and Bush Sr. decided to prevent the unified Germany from becoming economically strong, and especially to prevent it from playing a role in the reconstruction of Russia. So they decided to impose the euro, even if everybody at that point knew that you cannot have a European monetary union without having a political union, as Chancellor Kohl said many times. Nevertheless, they forced it through, through a whole bunch of very evil maneuvers.

And then, the European Monetary Union was decided in ’92. And at that time, Jacques Attali, who was the advisor of François Mitterrand, said that this is a *plan*—and he admitted it later in interviews—to have a birth defect in the EU Maastricht Treaty, which would force a crisis, and then leave no other chance than a political union.

Now, regarding this political union, if you look at the whole process, from the Maastricht Treaty to the Lisbon Treaty, the EU has become more and more a dictatorship, more and more in the interest of the banking sector, and against the interest of the population. As a matter of fact, you can say that the present EU leadership and the governments which are pro-Eu-

rope have completely separated from the people, and there's a complete disconnect, where the people of Europe no longer have a feeling that they have a place of representation.

## A Casino Economy

This is something which should not continue. The euro may detonate, either because of a bankruptcy of one big bank, or a hyperinflationary collapse. In any case, this failed experiment, which could not function from the beginning, is coming to an end. It was an experiment against which we warned from the beginning: We always said that this is not a primary currency space, because you cannot put countries which are so different in their economic structure, such as Greece, and Germany, and others, into one currency union. So you had, for ten years, stagnating wages in Germany, a shrinking domestic market, and a so-called boom in countries like Greece, Spain, and others. But as it now is clear, that boom was a bubble.

So, in Spain, you now have millions of empty housing constructions, a real estate market which is collapsing and threatening to collapse even further; and it turns out, this boom was a complete bubble, for the speculators.

And now, you have such proposals as that of the American casino owner Sheldon Adelson, who proposes to invest \$35 billion into Spain, to build 11 casinos, with 3,000 rooms each—I mean, that is exactly *not* the way to go! Because we know what comes along with casinos and gambling—it's an increase of prostitution, of cheap labor, tourism, cheap labor for the Spaniards, and high profits for the tourist companies. So this is something which absolutely should not happen.

In Spain you have, right now, a brain-drain, where after several years of cutting science programs, the present government wants to reduce the science and research program by even another 25%. So you have an open letter by the scientists' associations, student bodies, all saying that this would be the end of science in Spain. Now, there have been quite some protests from Indignados, from trade unions, but it has not really functioned as it should have, up to this point.

## There *Is* an Alternative

Now, what I want to initiate, or what we want to have as an ongoing dialogue, is this: There *is* an alternative.

# The Telegraph

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## Casino billionaire Sheldon Adelson plans 'mini Las Vegas' in Spain

Las Vegas glitz could be coming to Spain under plans American casino billionaire Sheldon Adelson has to replicate the Nevada city's famous strip.



It is estimated each casino building could cost the Las Vegas Sands group between \$2.5bn and \$3bn to build. Photo: Adam

*News coverage of Sheldon Adelson's plan to build casinos in Spain. Just what the Spanish economy does not need! (The photo is of the Las Vegas strip.)*

There is only one way the world can come out of this present economic disaster: The *only* way, is if we organize in all European countries, and in the United States, as the absolute first emergency step, a Glass-Steagall accord, exactly in the tradition of Franklin D. Roosevelt. That would mean to separate the banks, to protect, through the state, the commercial part of the banks, so that this part of the banking sector which is serving the real economy is protected. You no longer give bailouts to the investment banks, and especially, you shut down the shadow banking sector. And as the present amount of toxic waste in this investment banking sector goes into the hundreds of trillions worldwide, a lack of their ability to, in a parasitical way, take profit from the commercial banking sector by having access to pension funds, to savings, and so forth, it would just mean that the investment sector would have to declare bankruptcy.

The present condition is so bad—and I'm saying this based on information from the last couple of days—the real economy sector of Greece, Spain, and most other European countries has collapsed so badly, that it is in a true emergency. The same goes for the United States. The real economy in the United States has col-

lapsed in the recent period, almost like a rock falling down.

Now, the condition of the investment banks is so terrible, that if you would just close them down, there is almost no legitimate liquidity left. If you take the bad loans, the toxic waste, the derivatives out of the investment banking sector, there is no more money, or very little—in any case, not enough to restart the economy.

This is why we need them to go to a credit system.

## A Credit System

Most people have no idea what a credit system is, because they think that the economy is money, that it's your bank account, or what you can buy with your monetary values. But forget that: There is no way that part will be saved anyway, because if you have hyperinflation—and we, as Germans, know this from the experience of 1923—hyperinflation is *the most brutal* form of expropriation of the population. In 1923, people were, literally, bringing large amounts of bills in wheelbarrows to the bakery to buy bread, before 12 noon, because then their value dropped again, and it was worth nothing. So hyperinflation is just that. You may think you have EU10,000 for your pension in the bank, but if hyperinflation explodes, that's what you'll pay for a loaf of bread.

So that part has to go! If we don't get rid of this speculative part of the financial sector, nobody will have anything, except maybe some people who think they can save their fortunes in other ways, but they will also be the losers in the end.

So therefore, we need to go to a credit system. Now, a credit system has been applied several times in history, very successfully. The first time it was really developed was by Alexander Hamilton, the first Treasury Secretary of America, after the American Revolution, and it simply means that you give credit from the state in the direction of future production. So if the state says, "Okay, I give so many billions of a credit line, with the idea that the following science-driver projects, the following infrastructure projects, the following R&D facilities, are being produced," then you're giving credit towards future production, and that credit is not inflationary, because *it is the very secret of human labor, that it produces added value*. And therefore, every time this



Deutsche Fototech/Abraham Pisarek

*Women begin the process of rebuilding in Berlin. Germany quickly rebuilt its economy from a rubble-field into the postwar "economic miracle," based on the principles of a credit system.*

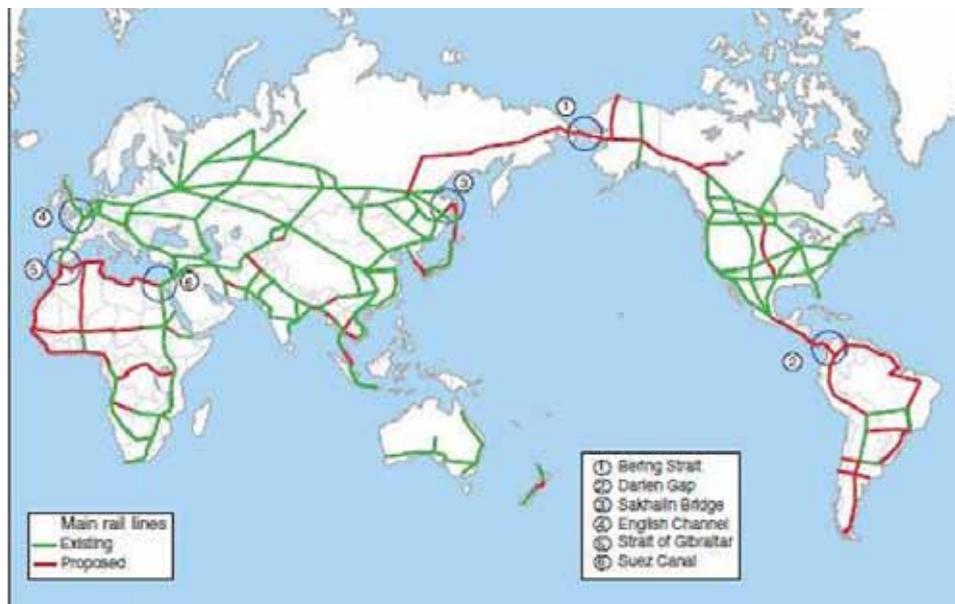
credit system policy was applied, you could find that the tax revenues after the project and all its side effects really got going, would be bigger than the initial credit given out.

That policy was applied again in America, with the Second National Bank. It was for sure, applied with Franklin D. Roosevelt's New Deal, and his Glass-Steagall and the TVA infrastructure construction. It was used in Germany, in the postwar period, through the Kreditanstalt für Wiederaufbau, the reconstruction after the Second World War, and it allowed Germany to change from a rubble-field in '45, in several years, to become the German economic miracle, which was admired by the whole world. And that was based on the same Roosevelt conception of the Reconstruction Finance Corporation. It was also used by Japan in the postwar reconstruction. And that is exactly what needs to be done now.

## Great Projects for World Development

Now, we have worked for many decades, actually, on such a reconstruction of the world economy; but especially in the last 22 years, after the fall of the Wall, we have worked out the idea of uniting the industrial and population centers of Europe with those of Asia, through so-called "infrastructure corridors." That is, you would take Western Europe and have the old historical, geographical lines, like the Trans-Siberian Railway, the old Silk Road, and other such historic, organic trade connections, and build them up as transport cor-

FIGURE 2  
**The World Land-Bridge**



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ridors, uniting high-speed railway, maglev trains, autobahns, a system of canals, and automated stations for large cargo transport.

You would put energy production and distribution into these corridors; you would build in communications lines. So that, basically, you would create locations attractive for investment for middle-level industry and agriculture, and make the landlocked areas of Eurasia as attractive, as previously, only the ports and cities along rivers and oceans were.

When we proposed this for the first time, in '89 and '90, it was only an idea. We have campaigned for this proposal in the last 22 years; we have had hundreds of conferences and seminars—in Moscow, Beijing, New Delhi, all over Latin America, North America, Western Europe. And if you look at what the present policy is of Russia, of China, of Korea, they are building many of the projects which we had proposed 20 years ago!

This is what we have to put on the table now.

### The Eurasian Land-Bridge

We should build the Eurasian Land-Bridge (**Figure 2**), connecting, for example, the far distant Russia ports of Vladivostok, of the Bering Strait connection to the Trans-Siberian Railroad, all the way to Lisbon, by

maglev train. And that maglev train corridor should then be the connection through the Strait of Gibraltar to Africa.

If you look at Spain and Portugal right now, there is very little industry, there is very little actual development. But if you look at the southern European countries—Greece, southern Italy, Spain, and Portugal—if you had a Marshall Plan, where the Eurasian Land-Bridge comes through the Balkans, rail lines to Greece, high-speed rail lines—right now, Greece is not connected through *any* rail, to the rest of Europe or to Asia. Because of the EU austerity policies, this has been cut! So, you

would take the Russian and Chinese motion towards Greece, and build railways; you would do the same through the southern part of Italy; build a bridge or a tunnel from Sicily to Tunisia, and then have another corridor from the Middle East, through Egypt, into Africa.

The only way we can solve this problem is that we need to have a Marshall Plan for Southern Europe—Greece, Italy, Spain, Portugal—but use that development as a springboard for the development of the Middle East. If we do not develop new water resources in the Middle East, and have real economic development, there will *never* be peace in this region! But, that should be, then again, the springboard for a Mediterranean development program, all around the Mediterranean, and a true infrastructure development plan for Africa.

In the Canary Islands, you have every week people coming ashore, having drowned after trying to escape from the African continent. The EU coastguards are trying to drive these refugees back, and prevent them from entering Spain, or Portugal, or Greece, or Malta—I mean, that's brutal, it's disgusting, and it is no solution. We have to bring development to Africa! This is very easy.

It would be so easy with existing technologies to make an infrastructure program for the entire African continent, to build ports, to build an intra-African, connected infrastructure system, with high-speed rail, river systems to bring the water from the Congo River, through a river and canal system up to Lake Chad, which right now has dried up, down to 10% of its original size. Fill it up, use that water which is now going from the Congo River into the Atlantic Ocean, and bring it into the Sub-Saharan region, to turn it into gardens, woods, agricultural land, and transform the continent of Africa. All of this is possible!



Talgo, Bombardier

*Spain's future lies with high-tech industry and infrastructure, like this high-speed rail manufactured there.*

### **The Danger of War If We Don't Succeed**

Now, I want to put this on the agenda, because we have only two choices: If this financial crisis is not stopped, the danger is that the forces who realize that their banking system is collapsing, will resort to war. Right now, we're sitting on a powder keg; there is an immediate danger that if there are military actions against Syria or Iran, this could, in no time, lead to a war against Russia and China. In this case, thermonuclear weapons would be used, and we are looking at the end of civilization.

Now, that is a danger which is very much on the minds of the American military, who have come out warning against that; it is on the minds of the Israeli military, who have said, if it would come to such a war, it would destroy the region for 100 years to come (but that is probably the underestimation of the century).

So, we are looking at a policy which, if it's continued, can only lead to war and destruction. There is no alternative. We have worked not only on the Eurasian Land-Bridge, but we have in the meantime, developed that to be the World Land-Bridge program for the reconstruction of the world economy.

### **Mankind at a Crossroad**

In America, there is right now a total crisis, but there is also a tremendous drive for a reconstruction. The focus of this is the largest infrastructure program in history, ever. It's probably 50 times as big as the TVA program of Franklin D. Roosevelt. It's called the North American Water and Power Alliance (NAWAPA), and it's the idea to bring enormous amounts of water, from Alaska and Canada, along the Rocky Mountains all the way to Mexico, and to use that water development for the development of agriculture, but also, improving the biosphere, by having new weather systems, new rainfall patterns, it's a complete effort to green the desert.

Now, that gigantic water project would be combined with the idea of developing the Bering Strait, building a tunnel between Alaska and Siberia. When President Putin comes into office in the beginning of May, this will be on the agenda, because he has already declared that the Bering Strait Tunnel will be built, and that is an integral part of the development of the Far East of Russia and the Arctic region, where you find all raw materials and elements which are in the Mendeleev Periodic Table. There is a gigantic potential to use the

development of the Arctic, as the stepping stone for manned space travel, because many of the challenges go in the same direction.

If you combine that momentum with the building of the Eurasian Land-Bridge, and say, “This old system is hopelessly bankrupt, and we have to have a new plan for reconstruction,” then there absolutely is hope! Spain should do a science-driver project. Rather than allowing all the scientists and young people to leave out of desperation, you have to agree on one, large development program, high science, high energy-flux-density program, to repatriate all the scientists abroad.

Spain is capable of producing high-speed railways. There was just an agreement to build a high-speed rail system in Wisconsin in the United States, through a Spanish firm! Unfortunately, the governor of Wisconsin nixed that program, which is a stupidity of the first degree. But why should Spain only build high-speed railways in Wisconsin? I think you need to have high-speed rail connections between the Iberian Peninsula and the rest of the Eurasian Land-Bridge. If we build a Transrapid, a maglev train line, from the Bering Strait all the way to Lisbon, it’s only a mere EU450 billion! Now, that has been wasted on the bankrupt banks several times over, but if you build a Transrapid maglev train from the

Bering Strait to Lisbon, that could be one project which would create many, many jobs, and it would be the beginning of a complete transformation of all of Eurasia.

There are similar projects which have to be defined.

I think we are at a crossroads. Mankind has reached a point, where if we continue with this policy of globalization, the policy of empire, the policy of geostrategic conflict, we will probably lead to our own destruction in either a thermonuclear war, or we will destroy the economic basis to a point where billions of people are not going to make it.

But the human being is a creative human being. We are the only species which can willfully change the order of their existence. We have the creative powers, we have the free will, and we have proven many times in universal history, that if man so wills, you can end a Dark Age, and you can start a Renaissance period.

Now, I want to invite you into a dialogue, to do that, because you have, right now, a growing opposition against the present policies. In all European countries, you have motion for Glass-Steagall, but we need to discuss: Are we as mankind, fit to give ourselves a government which takes care of the well-being of its people? And I think, yes! We should discuss it, and we should do it.

## ‘Open Letter for Spanish Science’

The Confederation of Spanish Scientific Societies, Comisiones Obreras (I+D+i), the Federation of Young Researchers, and Investigacion Digna has issued an open [letter](#) to the government in Spain, calling for a halt to the gutting of government funds for R&D. When the letter was first issued in March, the authors, projecting a 8.65% cut over 2011 levels, warned that if ratified, Public Research organs would have suffered an accumulated 30% reduction of their budgets since 2009. Since then, the government has announced that funding for R&D and science will be cut by 25%.

The letter, signed by over 46,000 Spaniards and foreign scientists by late April, warns that the pro-

posed budget “would cause considerable long-term damage to the already weakened Spanish research system, contributing to its collapse.”

“The characteristics of scientific research require decades for the formation of a skilled workforce,” according to the statement. “Spain does not have an R&D private sector that can absorb and take advantage of highly qualified researchers. This human resource, which has been trained thanks to a considerable national investment and is best prepared to contribute to the shift to a knowledge-based economy, will have no choice but to emigrate or leave research altogether. The country faces a multi-generational ‘brain drain’ (from researchers starting their PhDs to those in their mid forties). Spain also risks the chance of undermining the interest in science of the younger generations (now children and teenagers). . . .

“...‘If you think education is expensive, try ignorance’ (Derek Bok).”