



*Restore*  
**Glass-Steagall**

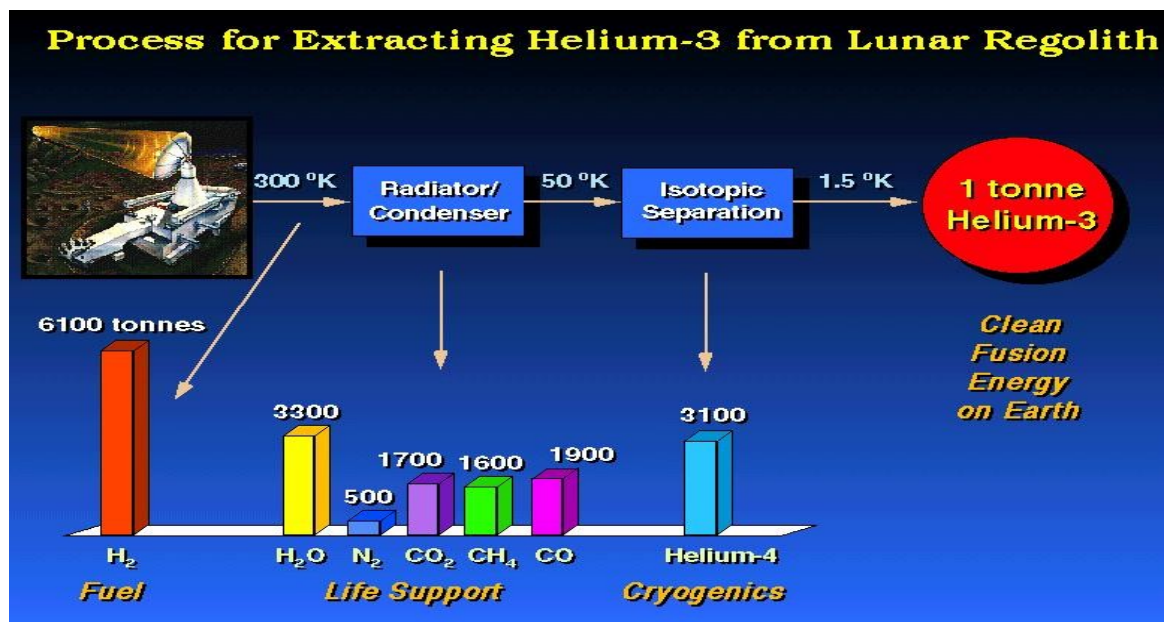
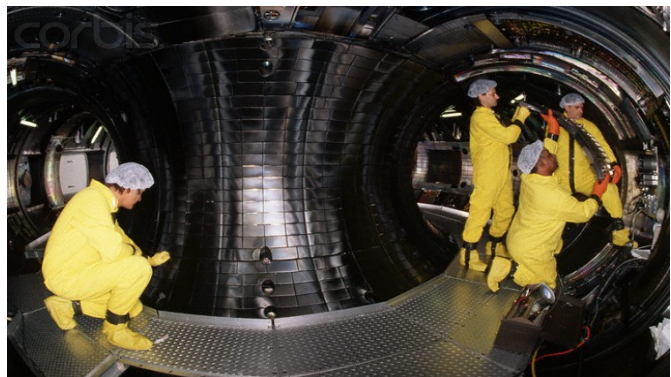
*Sign the Appeal for a Global Glass-Steagall*



*Signez l'Appel pour un Glass-Steagall global*

*The Four New Laws to Save the U.S.A. Now!*

**NOT AN OPTION: AN IMMEDIATE NECESSITY**



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**NOT AN OPTION: AN IMMEDIATE NECESSITY**

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# ***The Four New Laws to Save the U.S.A. Now!*** **NOT AN OPTION: AN IMMEDIATE NECESSITY**

By Lyndon LaRouche

*The following statement is for immediate action by all associates in all regions of the National Caucus of Labour Committees and its associated practice. The priority is assigned to all means and measures of public action, nationally and internationally, without reservation. That priority is existential for the policies of our republic, and for the general information of, and by all relevant circles world-wide, beginning this date of June 8, 2014.*

## **1. THE FACT OF THE MATTER**

The economy of the United States of America, and also that of the trans-Atlantic political-economic regions of the planet: are, now, under the immediate, mortal danger of a general, physical-economic, chain-reaction breakdown-crisis of that region of this planet as a whole. The name for that direct breakdown-crisis throughout those indicated regions of the planet, is the presently ongoing introduction of a general "Bail-in" action under the several, or more governments of that region: the effect on those regions, will be comparable to the physical-economic collapse of the post-"World War I" general collapse of the economy of the German Weimar Republic: but, this time, hitting, first, the entirety of the nation-state economies of the trans-Atlantic region, rather than some defeated economies within Europe. A chain-reaction collapse, to this effect, is already accelerating with an effect on the money-systems of the nations of that region. The present acceleration of a "Bail-in" policy throughout the trans-Atlantic region, as underway now, means mass-death suddenly hitting the populations of all nations within that trans-Atlantic region: whether directly, or by "overflow."

The effects of this already prepared action by the monetarist interests of that so-designated region, will, unless stopped virtually now, will produce, in effect, an accelerating rate of genocide throughout that indicated portion of the planet immediately, but, also, with catastrophic "side effects" of comparable significance in the Eurasian regions.

## ***The Available Remedies***

The only location for the immediately necessary action which could prevent such an immediate genocide throughout the trans-Atlantic sector of the planet, requires the U.S. Government's now immediate decision **to institute four specific, cardinal measures: measures which must be fully consistent with the specific intent of the original U.S. Federal Constitution**, as had been specified by U.S. Treasury Secretary Alexander Hamilton while he remained in office:

*(1) immediate re-enactment of the Glass-Steagall law instituted by U.S. President Franklin D. Roosevelt, without modification, as to principle of action.*

*(2) A return to a system of top-down, and thoroughly defined as National Banking.*

The actually tested, successful model to be authorized is that which had been instituted, under the direction of the policies of national banking which had been actually, successfully installed under President Abraham Lincoln's superseding authority of a currency created by the Presidency of the United States (e.g. "Greenbacks"), as conducted as a national banking-and-credit-system placed under the supervision of the Office of the Treasury Secretary of the United States.

For the present circumstances, all other banking and currency policies, are to be superseded, or, simply, discontinued: as follows. Banks qualifying for operations under this provision, shall be assessed for their proven competence to operate as under the national authority for creating and composing the elements of this essential practice, which had been assigned, as by tradition, to the original office of Secretary of the U.S. Treasury under Alexander Hamilton. This means that the individual states of the United States are under national standards of practice, and, not any among the separate states of our nation.

*(3) The purpose of the use of a Federal Credit-system, is to generate high-productivity trends in improvements of employment, with the accompanying intention, to increase the physical-economic productivity, and the standard of living of the persons and households of the United States. The creation of credit for the now urgently needed increase of the relative quality and quantity of productive employment, must be assured, this time, once more, as was done successfully under President Franklin D. Roosevelt, or by like standards of Federal practice used to create a general economic recovery of the nation, per-capita, and for rate of net effects in productivity, and by reliance on the essential human principle, which distinguishes the human personality from the systemic characteristics of the lower forms of life: the net rate of increase of the energy-flux density of effective practice. This means intrinsically, a thoroughly scientific, rather than a merely mathematical one, and by the related increase of the effective energy-flux density per-capita, and for the human population when considered as each and all as a whole. The ceaseless increase of the physical-productivity of employment, accompanied by its benefits for the general welfare, are a principle of Federal law which must be a paramount standard of achievement of the nation and the individual.<sup>1</sup>*

*(4) "Adopt a Fusion-Driver 'Crash Program.'" The essential distinction of man from all lower forms of life, hence, in practice, is that it presents the means for the perfection of the specifically affirmative aims and needs of human individual and social life. Therefore: the subject of man in the process of creation, as an affirmative identification of an affirmative statement of an absolute state of nature, is a permitted form of expression. Principles of nature are either only affirmation, or they could not be affirmatively stated among civilized human minds.*

*Given the circumstances of the United States, in particular, since the assassinations of President John F. Kennedy, and his brother, Robert, the rapid increase required for even any recovery of the U.S. economy, since that time, requires nothing less than measures taken and executed by President Franklin D. Roosevelt during his actual term in office. The victims of the evil brought upon the United States and its population since the strange death of President Harding, under Presidents Calvin Coolidge and Herbert Hoover (like the terrible effects of the Bush-Cheney and Barack Obama administrations, presently) require remedies comparable to those of President Franklin Roosevelt while he were in office.*

*This means emergency relief measures, including sensible temporary recovery measures, required to stem the tide of death left by the Coolidge-Hoover regimes: measures required to preserve the dignity of what were otherwise the unemployed, while building up the most powerful economic and warfare capabilities assembled under the President Franklin Roosevelt Presidency for as long as he remained alive in office. This meant the mustering of the power of nuclear power, then, and means thermonuclear fusion now. Without that intent and its accomplishment, the population of the United States in particular, faces, now, immediately, the most monstrous disaster in its history to date. In principle, without a Presidency suited to remove and dump the worst effects felt presently, those created presently by the Bush-Cheney and Obama Presidencies, the United States were soon finished, beginning with the mass-death of the U.S. population under the Obama Administration's recent and now accelerated policies of practice.*

*There are certain policies which are most notably required, on that account, now, as follows:*

### **Vernadsky on Man & Creation**

*V.I. Vernadsky's systemic principle of human nature, is a universal principle, which is uniquely specific to the crucial factor of the existence of the human species. For example: "time" and "space" do not actually exist as a set of metrical principles of the Solar system; their only admissible employment is for purposes of communication is essentially nominal presumption. Since competent science for today can be expressed only in terms of the unique characteristic of the human species' role within the known aspects of the universe, the human principle is the only true principle known to us for practice: the notions of space and time are merely useful imageries:*

*Rather:*

*The essential characteristic of the human species, is its distinction from all other species of living processes: that, as a matter of principle, which is, rooted scientifically, for all competent modern science, on the foundations of the principles set forth by Filippo Brunelleschi (the discoverer of the ontological minimum), Nicholas of Cusa (the discovery of the ontological maximum), and the positive discovery by mankind, by Johannes Kepler, of a principle coincident with the perfected Classical human singing scale adopted by Kepler, and the elementary measure of the Solar System within the still larger universe of the Galaxy, and higher orders in the universe.*

*Or, similarly, later, the modern physical-scientific standard implicit in the argument of Bernhard Riemann, the actual minimum (echoing the principle of Brunelleschi), of Max Planck, the actual maximum of the present maximum, that of Albert Einstein; and, the relatively latest, consequent implications of the definition of human life by Vladimir Ivanovich Vernadsky. These values are, each relative absolutes of measurement of man's role within the knowledge of the universe.*

*This set of facts pertains to the inherent fraud of the merely mathematicians and the modernist "musical performers" since the standard of the relevant paragon for music, Johannes Brahms (prior to the degenerates, such as the merely mathematicians, such as David Hilbert and the true model for every modern Satan, such as Bertrand Russell, or Tony Blair).*

*The knowable measure, in principle, of the difference between man and all among the lower forms of life, is found in what has been usefully regarded as the naturally upward evolution of the human species, in contrast to all other known categories of living species. The standard of measurement of these compared relationships, is that mankind is enabled to evolve upward, and that categorically, by those voluntarily noëtic powers of the human individual will.*

*Except when mankind appears in a morally and physically degenerate state of behaviour, such as within the cultures of the tyrants Zeus, the Roman Empire, and the British empire, presently: all actually sane cultures of mankind, have appeared, this far, in a certain fact of evolutionary progress from the quality of an inferior, to a superior species. This, when considered in terms of efficient effects, corresponds, within the domain of a living human practice of chemistry, to a form of systemic advances, even now leaps, in the chemical energy-flux density of society's increase of the effective energy-flux-density of scientific and comparable expressions of leaps in progress of the species itself: in short, a universal physical principle of human progress.*

*The healthy human culture, such as that of Christianity, if they warrant this affirmation of such a devotion, for example, represents a society which is increasing the powers of its productive abilities for progress, to an ever higher level of per-capita existence. The contrary cases, "the so-called zero-growth" scourges, such as the current British empire are, systemically, a true model consistent with the tyrannies of a Zeus, or, a Roman Empire, or a British (better said) "brutish" empire, such as the types, for us in the United States, of the Bush-Cheney and Obama administrations, whose characteristic has been, concordant with that of such frankly Satanic models as that of Rome and the British empire presently, a shrinking human population of the planet, a population being degraded presently in respect to its intellectual and physical productivity, as under those U.S. Presidencies, most recently.*

### **Chemistry: The Yardstick of History**

*We call it "chemistry." Mankind's progress, as measured rather simply as a species, is expressed typically in the rising power of the principle of human life, over the abilities of animal life generally, and relatively absolute superiority over the powers*

of non-living processes to achieve within mankind's wilful intervention to that intended effect. Progress exists so only under a continuing, progressive increase of the productive and related powers of the human species. That progress defines the absolute distinction of the human species from all others presently known to us. A government of people based on a policy of "zero-population growth and per-capita standard of human life" is a moral, and practical abomination.

Man is mankind's only true measure of the history of our Solar system, and what reposes within it. That is the same thing, as the most honoured meaning and endless achievement of the human species, now within nearby Solar space, heading upward to mastery over the Sun and its Solar system, the one discovered (uniquely, as a matter of fact), by Johannes Kepler.

A Fusion economy, is the presently urgent next step, and standard, for man's gains of power within the Solar system, and, later, beyond.

#### **Footnote**

1. The substitution of "3. Cancel Green Policies ..." for the correct, "A Federal Credit-System," is a travesty against the principles of any actually scientific principle. Only affirmative identifications of "Science," could ever be allowed. Only, the previous title: "The Use of a Federal Credit System" is permitted. Eliminate all use of reference to "Green Policies:" the very use of that latter reference, is a fraudulent representation.

## **I. IMMEDIATE REENACTMENT OF THE GLASS-STEAGALL LAW**

### **USA News & Analysis:**

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- No Avoiding a New Bank Crash Without Glass-Steagall Act

*By Paul Gallagher*



# 162 Organizations Urge US Senators To Co-Sponsor Glass-Steagall Act

18 June 2014 (LPAC)—[One-hundred-sixty-two organizations, representing millions of Americans, sent a letter to Senators](#) yesterday, urging them to co-sponsor the 21st Century Glass-Steagall Act (S. 1282). Yesterday marked the 81st anniversary of FDR's signing the 1933 Banking Act, which included the Glass-Steagall banking separation provisions. Support for the initiative was coordinated by Public Citizen and Americans for Financial Reform.

"This letter demonstrates continued broad support for lasting financial reform and putting an end to taxpayer bailouts of 'too big to fail' banks," said Susan Harley, deputy director of Public Citizen's Congress Watch division. "Banking should be about institutions serving communities by providing needed financial services to businesses and families, not about banks gambling with taxpayer-insured deposits."

S. 1282 was introduced by a bipartisan group including U.S. Sens. Elizabeth Warren (D-Mass.), John McCain (R-Ariz.), Angus King (I-Maine), and Maria Cantwell (D-Wash.). It now has nine Senate co-sponsors. A companion bipartisan House bill, H.R. 3711, introduced by U.S. Reps. John Tierney (D-Mass.) and Walter Jones Jr. (R-N.C.) has 10 other co-sponsors.

Signatories of the letter include business associations, labour unions, law firms, faith organizations, state lawmakers, national and state consumer groups, and others. The text of the letter and the full list of signers can be found at <http://www.citizen.org/documents/safety-glass-steagall-anniversary-2013-report.pdf>

*Fox Business News* made note of the letter in an article headlined "'Support Builds for New Glass-Steagall Act,'" based on a release by Consumer Reports. Consumers Union, the policy and advocacy arm of Consumer Reports, is one of the institutional signers of the letter.

## AFL-CIO Backed Democratic Coalition Begins Push for Glass-Steagall

24 April 2014 (LPAC)—Sen. Elizabeth Warren (D-MA) stated in a public meeting in Massachusetts last week that when Congress reconvenes (Monday), she and others would begin a major push to pass Glass-Steagall.

Today, [Americans for Financial Reform \(AFR\)](#), a Democratic Coalition group formed around the AFL CIO, and more than 200 other Democratic constituency groups, sent out a mass email, "[Help Elizabeth Warren Change Wall Street and Pass the 21st Century Glass-Steagall Act.](#)"

The letter states,

"For over half a century, the Depression-era law known as Glass-Steagall kept traditional banks separate from the high-risk world of investment banks and hedge funds. Uncle Sam agreed to insure our deposits. And the banks, in return, agreed not to use those deposits to try to make money for themselves gambling in the Wall Street casino. That all changed with ... the deregulation of the 1980s and 90s... setting the stage for the financial and economic meltdown of 2008. TELL CONGRESS TO STAND UP TO WALL STREET AND PASS THE 21ST CENTURY GLASS-STEAGALL ACT!"

"Now Senators Elizabeth Warren, John McCain, Maria Cantwell, and Angus King have introduced a bill that would make the biggest banks simpler and smaller and once again end the public subsidy to Wall Street speculation... DEMAND ACTION TO REIN IN THE BIG BANKS AND BUILD A FINANCIAL INDUSTRY THAT SERVES ALL." (Capitalization and underlining in original E-mail.)

Americans for Financial Reform was formed after the 2008 financial crisis, and has said little about Glass-Steagall since its formation. In a Washington D.C. event in January, Glass-Steagall was mentioned only in a LaRouche PAC intervention.

Participating organizations in AFR include, besides the AFL-CIO, civil rights, consumer, labor, business, faith-based, civic, and community groups, such as NAACP, AFSCME, CWA, AARP, SEIU, Public Citizen, UNITE, LaRaza, DEMOS, and many others.



Elizabeth Warren (D-MA)

## Tom Buffenbarger's Message to Schiller Institute Conference

Thomas Buffenbarger, United States

*International President, International Association of Machinists and Aerospace Workers*

On behalf of the Officers and Members of the International Association of Machinists and Aerospace Workers, I wish to extend warm greetings and congratulations to the Schiller Institute on the Occasion of its 30th Anniversary.

The IAM and the Schiller Institute have long shared a vision for a world built upon progressive concepts and the ideas leading to a better, brighter future for all nations.

The application of sound economic principles, such as those contained in the proposed reauthorization of Glass-Steagall legislation, combined with a renewed emphasis on an innovation-driven industrial policy in tandem with rebuilding the global energy distribution network, are the goals that capture the imagination of nations as we collectively seek to build

productive, progressive, and sustainable societies.

The IAM applauds the Schiller Institute for its monumental efforts to inform, educate, and promote the alternative ideas our entire planet is yearning for.

Best wishes to all for a successful 30th Anniversary celebration.

R. Thomas Buffenbarger

June 12, 2014

## Nomi Prins's Message to Schiller Institute Conference

*The following is the text of the [video-recorded](#) message sent to the Schiller Institute by Nomi Prins.*

21 June 2014- First of all, thank you very much for inviting me to speak to you here today. It's really quite a great honor.

I want to talk about a few things, one of which is the Glass-Steagall Act, and what it meant to our country's history, why it was passed, how it helped. How the repeal of that act in 1999 has created a tremendously unstable environment for individuals at the hands of banking institutions, political alliances, governments, and central banks.

And also some of the remedies that have been proposed in the wake of the 2008 subprime crisis, including the Dodd-Frank Act, and its allegedly most important component, the Volcker Rule, are really ineffective at combatting this risk, and what we really need to do is go back to a time, and go back to a policy, and continue to use the real strength of the Glass-Steagall Act and a new Glass-Steagall Act, in order for us to be safe going forward. And when I say us, I mean everybody in this room, I mean the population of the United States, I mean the populations throughout the globe.



**Nomi Prins, Author, video pre-recorded remarks to the 30th Anniversary Schiller Institute conference.**

Because what we have today, and what we've had in the wake of the repeal of the Glass-Steagall act, is an environment where the largest banking institutions have been able to increase the concentration of their capital, of their influence, of their power, and this has been subsidized and substantiated by political forces within the White House, the Treasury Department, the Federal Reserve, governments throughout the world--in particular, throughout Europe--the ECB, and it's something that we really need to contain and look forward to changing, if we want to have more economic stability for the greater citizenry at large.

So, going back a little bit in time to how the Glass-Steagall act came about. We had a major crash in 1929. It was the result of a tremendous amount of speculation, and also rigging of markets by the larger financial institutions, as well as things called trusts, which were small components of these institutions, that were set up in order to bet on trust--in order to bet on various industries, and collections of companies within those industries, and so forth, as well as to make special bets on foreign bonds in foreign lands. As well as to make bets on the housing market, which is something that we've seen and been familiar with quite recently.

Also, a lot of the activity that was done, in particular by the big six banks at the time--which included National City Bank and First National Bank, which today we know as Citigroup; the Morgan bank and the Chase bank, which today we know as JPMorgan Chase; as well as two other big six banks--got together in the wake of the crash in 1929, which they had helped to perpetuate, and decided that they needed to save the markets as they were deteriorating very quickly.

And the reason they wanted to save the markets was not because they wanted to protect the population at the time. It was because they wanted to protect themselves. But the way they chose to do that was to put in \$25 million each, after only a 20 minute meeting that occurred at the Morgan bank on Wall Street, no. 23 Wall Street which is caddy-corner from the New York Stock Exchange at the time, and after this 20 minute meeting, which was called together by a man named Thomas Lamont, who was a major banker at the time, and the acting chairman of the Morgan bank, these six bankers, they broke, they went out into the streets, the press heralded them as heroes who would save the day, and in particular, heralded the Morgan bank as an institution that would yet again save the economy from virtual catastrophe.

It compared the decision that was made after that 20 minute meeting to something that had happened after the panic of 1907, where JP Morgan, the patriarch of the Morgan bank, had been called upon by President Teddy Roosevelt, to save what was then a situation of deteriorating markets, and of deposits being crushed, and of citizens losing their money because of rigging of markets that had happened back then.

So this was a repeat of something very similar.

After the meeting, the decision was to buy up stocks. And the stocks that were bought were the ones in which the big six

banks had the most interest, and that is what they did. The market rose for a day, which is why the newspapers were so happy. It was why President Herbert Hoover at the time decided he might actually get re-elected as opposed to facing no just unelection, but also a bad historical legacy. And everybody was quite pleased with the results.

Unfortunately, as we know, after the market rose, after that day, after they put in the money to buy those stocks, it crashed by 90% over the next few years, the country was thrown into a great depression. Twenty-five percent of the individuals in the country were unemployed. There was a global depression that was ignited because of this. Foreclosures skyrocketed, small businesses closed, thousands of smaller banks, and the country was in very, very dire straits.

Into that, came President FDR, and something that's very interesting historically, that I did not even know before I did my latest book, *All the President's Bankers*, in that FDR had friends, and they were bankers. And two of the friends that he had that were bankers, were men named James Perkins, who ran the National City Bank after the crash of 1929, and also a man named Winthrop Aldrich, who happened to have been the son of Nelson Aldrich, who happened to have been a Senator at the time that the Federal Reserve Act, or its precursor, was created at Jekyll Island in 1910.

And so these were men of pedigree. And these were men of power. These were men of wealth. and these were men who were friends of FDR.

And even before the Glass-Steagall Act that we know today was passed in the year of 1933, and signed into law, these men worked with FDR, because they believe that if they separated their institutions that they were now running, their banks, some of the biggest banks in the country at the time, from keeping deposits of individuals safe and divided from speculative activities, and the creation of securities that can go sour very quickly, and tank not only their banks but the general economy--they believed those two things should be separate.

And that was the theory behind the Glass-Steagall Act: it was that if you separate risky endeavors, and risky practices, and concentration of that risk, from individual deposits and loans, that you create a more stable banking system. You create a more stable financial market. You create a more stable population, and create a more stable economy.

FDR believed that, and the bankers believed that. That's something we don't have today.

So, before the act was passed, Winthrop Aldrich, James Perkins, they had meetings, in the first 10 days of FDR's administration, in which they tooled FDR. They promised him they would separate their banks even before the legislation was passed. And that's why it was more than just legislation. It was a political/financial alliance at the time. It was policy at the time, to stabilize the economy and to stabilize the system, so that everybody could benefit.

And those men did benefit. Their legacies benefited. The National City Bank that was run by James Perkin, the Chase bank that was run by Winthrop Aldrich, those banks exist today. But the Glass-Steagall Act at the time enabled them to grow in a more stable aspect. Winthrop Aldrich and James Perkins chose to keep the deposit-taking and the lending arms of their banks. They separated them before, as I said, the Glass-Steagall Act was passed. They promoted the Glass-Steagall. FDR promoted the Glass-Steagall act. Congress in a bipartisan fashion, unilaterally and enthusiastically, the Glass-Steagall act.

So, it was very much a national platform on every level.

What we've had since, and it started to a large extent in the late 70s, and accelerated throughout the Reagan administration, the Bush administration, the Clinton administration, and the ramifications through the second Bush administration and the Obama administration, is a disintegration of the idea of that act. The idea that risky endeavors and deposits should be kept separate in order for stability to exist throughout.

In the 80s, banks were allowed to merge across state lines. In the 90s, banks were allowed to increase their share of financial services by re-introducing insurance companies, brokerages, the ability to create securities that we now know today can be quite toxic, as well as ultimately to do trade in derivatives and other types of more technologically complex, but nevertheless, even more risky, securities, all under one roof.

And in 1999, under President Bill Clinton, at the end of the year, an act was passed, the Gramm-Leach-Bliley Act, that summarily repealed all the intent of the Glass-Steagall Act. And what it created in its wake, was a free-for-all merging and concentration and consolidation of these largest banks, into ever-more powerful and influential entities: influential over our capital; influential over our economy; influential with respect to the White House.

And this is not something that the bankers push on the White House. We should realize this. This is something that Washington, under several administrations, under bipartisan leaderships throughout, under different types of Treasury secretaries that both came from the very same banking system that were supposedly going to be in public office to watch over--they all collaborated to repeal this act.

In 2002, 2003, 2004, when rates started to be very low, and subprime loans started to be offered, these banks that now had much more concentration over deposits, over insurance products, over brokerages, over asset management arms, were able to create securities out of a very small amount of loans. Out of a half a trillion dollars worth of subprime loans, extended to individuals, they were able to create a \$14 trillion dollar mountain of toxic assets. And they were able to leverage that mountain, \$14 trillion, to \$140 trillion of risk, by virtue of their co-dependencies of the Big Six banks, by virtue of the derivatives that were involved in the securities, that were laced with these mortgages, and by all sorts of complex different types of financial engineering.

As we know, that concluded in 2008, and the result of that implosion was not to chop off the arms of these banks. It was *not* to have men at the top of these banks, like Winthrop Aldrich, say, you know, this was a bad idea. We screwed up our

banks, we screwed up the markets, we screwed up people, we screwed up the economy--let's separate. Let's go back to a time that wasn't simpler, but that was saner.

That wasn't the decision that was made. What was made instead was a decision at the highest levels of Washington, the Treasury Department, the Federal Reserve, the New York Federal Reserve, to coddle this very banking system, and to subsidize it, to sustain it, and all its flaws, and with all the risks that permeated around the entire population in the United States, and throughout the world, with trillions of dollars of loans, of cheap money, a zero-interest rate policy which is now going into its 5th year of existence, which means these banks can continue to be liquid, even though they are very unhealthy.

A quantitative easing program, not just in the U.S. Federal Reserve, but now it's potentially going to grow in Europe as well, because those banks are also codependent on the U.S. banks, and because they are so unhealthy, they need institutions on the central banking level, and in the U.S. government, and in the Treasury departments, and in Federal Reserves and other treasury arms of different countries, to sustain their activities, to back their bad debts, and to promote their interests over the interests of the wider stability of the population.

The Dodd-Frank act that was passed and signed into law by President Obama in July 2010, was said, by President Obama, by then-Treasury Secretary Timothy Geithner, by then Federal Reserve chairman Ben Bernanke, as well as many pundits in the media, was said to be the thing that would dial back this immense risk, that would get us back to the sweeping type of regulation that was like it had been in the Great Depression.

But it has done absolutely nothing of the kind. In the wake of the 2008 crisis, the big banks are bigger. JP Morgan Chase was able very cheaply Bear Stearns, and Washington Mutual, to become the largest bank in the United States again. This ties back to the legacy of JP Morgan in the 1907 panic, throughout the decisions that were made at its request in 1929, in the wake of the 1929 crash, and so forth.

Citigroup has managed to survive. Goldman Sachs, Morgan Stanley, Wells Fargo--all of these banks, the big six today, which are largely variations of the big six banks historically 100 years ago, with a couple of additions and many mergers along the way, have been able to sustain themselves on the wake of government policy that has enabled them to grow, and to sustain themselves, and to continue to promote risky types of practices that can be very dangerous to all of us.

The Dodd-Frank doesn't separate those banks. It doesn't make them smaller. It doesn't diffuse their derivatives concentration. The big six banks today in the United States, control 96% of all the derivatives trading in the United States. They control 45% of all the derivatives trading throughout the globe. They control 84% of the FDIC-assured deposits throughout all of the banks in the United States, and 85% of the assets throughout all of the banks in the United States. So their concentration, their power, is immense in the wake of the 2008 crisis, in the wake of this alleged remedy to the crisis, which is the Dodd-Frank act.

And the final component of that act, which is supposed to at least reduce their riskiest trading practices, what's called proprietary trading--the Volcker rule is an 892 rule, which 55 pages of definitions and rule, and all of the rest, exemptions to that rule. So the banks can continue to make markets, to hedge, to provide hedge funds and private equity funds, just under different languages, to keep their insurance arms, to keep their brokerages, to be co-dependent, to create complex securities that are so interlocked that if one fails, the rest of them fail. And if the bank that had the most of them fails, the other banks in this entire system will fail as well.

So, nothing has been done in that language of the Volcker rule in the Dodd-Frank act to change anything.

What we need is a resurrection of the Glass-Steagall. We need to realize it wasn't just a law. It was a policy of stability. It was a political and financial alliance between the White House and between the biggest bankers of the time, between the population, and that's what we need to have come back today. That's what we need to press, and that's the *only* thing, a complete separation of risky endeavors from our money, from normal lending practices, that can even start to foster a more stable financial system, banking system, and economic environment for all the rest of us.

So, that's the take-away from what I wanted to tell you about today. There's more information about it historically, particularly the leadup to the Glass-Steagall act that was passed, the swipes at it over the time, the presidents that were stronger, and the bankers that were stronger, and caring about the population as well, as the ones who didn't care at all about it with respect to financial stability at the hands of the banking system. And that can all be found in my book *All the President's Bankers*, which I also urge you to check out, simply to get more knowledge about the reasons for why we have that act, and the reasons why it's more necessary than ever, to resurrect it today.

So, thank you very much again for listening. Thank you for your time, and the rest of the conference today is fantastic.

## **Liam Halligan: There is an Overwhelming, Pressing Need for Glass-Steagall**

11 May 2014 (LPAC)—Liam Halligan published a strong article in favor of Glass-Steagall in the *Telegraph* Saturday, under the headline "[Only full separation will make our big banks safe.](#)" Halligan has frequently called for Glass-Steagall in the past, and reflects one current of thinking in British establishment circles.

Halligan's latest article weighs in strongly on Glass-Steagall, using the occasion of a Barclays bank announcement that it is going to lay off some 14,000 employees in 2014, purportedly as part of moving away from speculative investment banking and back toward regular commercial banking—which Halligan says is "utter tosh" and just a publicity stunt.

"Despite the mood music around this announcement, Barclays will remain heavily involved in investment banking... (It) in

no way negates the overwhelming pressing need to make a decisive split between high-risk investment banking activity, on the one hand, and the utility banks serving ordinary firms and households on the other...

The only way to make our big banks safe, or as safe as they can be, is a full, line-in-the-sand separation of investment and commercial banking... This is the Glass-Steagall divide, implemented in the US after the 1929 Wall Street crash. Glass-Steagall kept America safe from major, systemically damaging bank failures for almost 70 years... My 11-year-old daughter gets it. And the only reason the banking lobby doesn't is because, for obvious financial reasons, it doesn't want to."

Halligan elaborates that the Vickers and ring-fencing reforms will never work, and that "the lack of meaningful reforms, in fact, has led to behaviour which, over the last five years, makes another 'Lehman moment' more likely."

He takes note of the fact that there is "a string of extremely experienced ex-investment bankers who, having made their stash, then seek to brush up their memoirs by saying that ending Glass-Steagall was a mistake," mentioning Sandy Weill, John Reed, and others. There are "many extremely authoritative and knowledgeable advocates" in the U.K too, including Mervyn King, Lord Lawson, Lord Myners and others. But they are all "either in retirement or towards the end of their careers," Halligan notes ruefully.

Dennis Small

## Thomas Hoenig Chafes Congress for Not Passing Glass-Steagall, Says Big Bank Bailouts Coming Again

10 May 2014 (LPAC)—In a speech titled "[Can We End Financial Bailouts?](#)" to the Boston Economics Club on May 7 and posted on the website of the Federal Deposit Insurance Corp., FDIC Vice-Chairman Thomas Hoenig answered, essentially, "No, we can't, because Congress hasn't separated the banks with Glass-Steagall." He also bluntly cleared away much of the hype about Dodd-Frank and the changes which many people credulously believe it has imposed on the big banks.

On those big banks, he said they are larger, more complicated, and more interconnected than in the 2007-08 crash. The eight largest banks assets equal 65% of GDP. Their average derivatives exposure of \$60 trillion is 30% larger than in 2007. They are also more complex.

"They have used the safety net subsidy to support their expansion across the globe. They have further combined commercial, investment banking, and broker-dealer activities. There have been no fundamental changes in the wholesale funding markets, in the reliance of bank-like money market funds, or in the use of repos, which all are major sources of volatility in times of financial stress."

And they are also still wildly overleveraged, Hoenig said, with an average leverage ratio for the biggest eight of 22:1 despite the hyping of all the capital increases they have supposedly made.

By contrast,

"Smaller regional banks are smothering under layers of new regulations even though they are holding significantly higher levels of capital than the largest banking and financial firms";

the smaller regional and community banks' average capital leverage is 12:1.

Bail-in, Hoenig said, is a bail-out of derivatives counterparties ("qualified financial creditors").

"Under Title II, unlike in bankruptcy (Title I), the Treasury is empowered to fund short-term creditors who, for example, would avoid becoming general (unsecured) creditors as they exit at the firm's operating units—the broker dealers, insurance companies, finance companies, trading companies that remain open. This only serves to perpetuate too big to fail.

" This is why the big banks want Title II, bail-in, he says. And the taxpayers are supposedly to be paid back by bank fees, but much (years) later.

Hoenig concluded by criticizing Congress for leaving the massive problem to the regulators:

"To be sure, having regulatory agencies rather than legislators define the nation's financial structure and business activities is less than ideal. In the end, legislating the separation of highly subsidized commercial banks from non-bank trading and similar activities might be the better choice."

Paul Gallagher



DIEGO J. ROBLES/THE DENVER POST/GETTY



# No Avoiding a New Bank Crash Without Glass-Steagall Act

26 May 2014- (EIR-Economics)—Because of the extraordinary issuance of productive national credit by China since the 2007-08 financial crash, and the direction of huge amounts of that credit into new economic infrastructure, the trans-Atlantic nations can only watch and complain as China and Russia begin to exchange that credit for development projects and growth. A typically outraged complaint was published in *Fortune* May 23 by former Reagan White House official David Stockman, who fumed that China had issued many trillions in credit based on its \$4 trillion in foreign reserves, and was “literally printing GDP,” because “as the currency goes down, airports, high-speed railroads, highways, dams, housing construction come up.”

Growth in the OECD countries, by contrast, was calculated in a recent presentation by a former Obama Administration economist as an 11% increase in GDP, total, over the past six years combined. The United States and EU member-states are priding themselves on whether they have managed to reach the same number of people employed in their economies as they had seven years ago—at significantly lower real wages and household incomes. Their governments have not invested in major infrastructure platforms in decades; their biggest banks lend less every year.

The central banks of the United States, Europe, and Japan have also, of course, issued trillions in new currency and liquidity credits since 2009, most famously in the “quantitative easing” policies of the Federal Reserve, Bank of England, and Bank of Japan. But this currency has been issued exclusively to banks—large banks, “too big to fail”—and those banks have deployed it in ways designed to puff up the securities markets and avoid the real economy like a plague. The central banks are not only aware of this; they have carried out “excess bank reserve”-creating policies which have ensured that big banks’ lending to the real economy has fallen, even as they pumped up stock and securities markets, derivatives markets, etc.

The U.S. and European economies are headed for another, worse bank crash unless they break up their biggest banks by restoring the Glass-Steagall Act or (in Europe) enacting it. So far, with Wall Street and London banks threatening and bribing to stop Glass-Steagall, the trans-Atlantic governments and “regulators” have instead adopted a scheme called “bank bail-in” which combines the worst features of taxpayer bailouts, with deadly austerity and outright confiscation of wealth from the public to “capitalize” bankrupt banks.

Enacting Glass-Steagall is the only way to break this depressive cycle before another crash. Doing so may wipe out, quickly, \$5 trillion or more in ultra-short-term, collateralized, and leveraged financial sector debt, and bring down Wall Street and London securities firms, but it will open the door to national credit and growth. Ironically, former OMB Director Stockman strongly supports restoring the Glass-Steagall Act, on the evidence of his public speeches and interviews. But his knee-jerk opposition to the national credit and investment policies which must necessarily follow Glass-Steagall separation in “the American System of economics,” shows him a victim of Wall Street bank “economics” and influence. The same keeps many Republicans from sponsoring the Glass-Steagall legislation, which they instinctively recognize as the right and necessary action to take against too-big-to-fail bank bailouts.

## Sane Observers See Crash Threat

The situation is worst in the EU, where some of the most leveraged and most London-dominated banks like Deutsche Bank, Barclays, and HSBC are now losing money, laying off large numbers of employees, and scrambling to raise capital. Former Bank for International Settlements (BIS) chief economist William White saw a bank crash coming in an interview published April 24 by the Swiss financial paper *Finanz und Wirtschaft* headlined “I See the Same Price Bubbles as in 2007.” White said, “No one has ever seen anything like this. Not even during the Great Depression in the Thirties has monetary policy been this loose.” He told *Finanz und Wirtschaft* that the fundamental problem is debt, not government, but rather private debt, held by banks and other financial institutions which is non-performing and/or impaired. It is being “ever greened” (extended at full book value) by the banks.

White said, with the aid of the central banks’ money-printing. That debt has to be written off, and it is governments’ responsibility to act, not that of central banks. “Central banks can’t rescue insolvent institutions,” White says. Asked if massive write-offs won’t further hurt the bank sector, he agrees. “But you see, we have a lot of zombie companies and banks out there. That’s a particular worry in Europe, where the banking sector is just a continuous story of denial, denial, and denial. With interest rates so low, banks just keep evergreening everything, pretending all the money is still there. But the more you do that, the more you keep the zombies alive, they pull down the healthy parts of the economy.”

“It all looks and feels like 2007,” White concluded. “And frankly, I think it’s worse than 2007.”

In the United States, companies are flooded with debt and failing to invest, courtesy of the money-printing policy of the Federal Reserve, wrote Washington Post financial columnist Steven Pearlstein in a May 11 column full of striking figures. U.S. non-financial corporations have taken on \$3.4 trillion in additional debt since 2009. This, in itself, is no extraordinary amount—in fact, total bank lending fell steadily during most of that period—but what they borrowed it for, is extraordinary. Fully 87% of it, reported Pearlstein, has been used by the corporations for buybacks of their own stock, and to issue dividends to shareholders. Both are part of a strategy of driving up stock prices, without making real capital investments. In 2013, non-financial corporations spent about \$500 billion on buybacks alone, the most since “the peak year of 2007” and 130% more than their fixed capital expenditures for the year.

Pearlstein noted that the Wall Street banks are using the money printed for them by the Fed’s quantitative easing (QE), to fund this stock market debt bubble, which is equal in size to that other creation of QE, the “emerging market carry trade bubble.” Non-financial corporations’ cash/debt ratio has dropped to 40%, some 17% less than in 2007. Thus, despite the conventional financial wisdom which is repeated ad nauseam, companies are not “sitting on trillions in cash,” “keeping it

on the sidelines,” etc. Rather, they are sitting on mountains of Fed-created QE debt. American households may have been forced to “deleverage,” reducing their debt by a combination of defaulting and paying it off as their living standards sink; but the corporate “leveraged debt” and “junk-bond debt” bubbles are larger than they were just before the crash.

“This is why the U.S. economy remains stuck in second gear,” is Pearlstein’s quite-understated conclusion.

FDIC Vice-Chairman Thomas Hoenig, who has advocated restoring the Glass-Steagall principles of bank regulation, was explicit about the big banks’ threat to crash in a May 7 speech to the Boston Economics Club. Calling his presentation “Can We End Financial Bailouts?” Hoenig answered, essentially, “No, we can’t, because Congress hasn’t separated the banks with Glass-Steagall.” He bluntly cleared away much of the hype about Dodd-Frank and the changes which many people credulously believe it has imposed on the big banks.

On those big banks, he said they are larger, more complicated, and more interconnected than in the 2007-08 crash. The eight largest banks’ assets equal 65% of GDP. Their average derivatives exposure of \$60 trillion is 30% larger than in 2007. They are also more complex. “They have used the safety net subsidy to support their expansion across the globe. They have further combined commercial, investment banking, and broker-dealer activities. There have been no fundamental changes in the wholesale funding markets, in the reliance of bank-like money market funds, or in the use of repos, which all are major sources of volatility in times of financial stress.”

And they are also still wildly overleveraged, Hoenig said, with an average leverage ratio for the biggest eight of 22:1, despite the hyping of all the capital increases they have supposedly made.

Bail-in, Hoenig said, is bail-out of derivatives counterparties (“qualified financial creditors”). “Under Title II, unlike in bankruptcy (Title I), the Treasury is empowered to fund short-term creditors who, for example, would avoid becoming general (unsecured) creditors as they exit at the firm’s operating units—the broker dealers, insurance companies, finance companies, trading companies that remain open. This only serves to perpetuate too big to fail.” This is why the big banks want Title II, bail-in, he said.

Hoenig concluded by criticizing Congress for leaving the massive problem to the regulators: “To be sure, having regulatory agencies rather than legislators define the nation’s financial structure and business activities is less than ideal. In the end, legislating the separation of highly subsidized commercial banks from non-bank trading and similar activities might be the better choice.” (S. 1282): “First, it will break these biggest banks up, and it is really only the biggest Wall Street banks that will be affected by this; and second, it will make the large, insured deposit-banking units use their resources on economic lending, otherwise, no support.” Ridiculing President Obama’s and former Treasury Secretary Tim Geithner’s “bailouts with no conditions,” Warren recalled that she had taught bankruptcy law: When new money is put into a firm in bankruptcy, “the stockholders get wiped out; the bondholders take a haircut; the top management is removed, and may be prosecuted.” “The big Wall Street financial firms,” said Warren, “don’t like this Glass-Steagall legislation,” and there are money pressure and threats to stop it. She concluded: “What kind of a country do we want to work for? What kind of a future do we want to have? Do we want to work for Wall Street banks, to make them even bigger? Or, do we want to work for our children and grandchildren, to have a fighting chance?” The choice of futures is immediate: Either we bring Wall Street down now, with its even more potent progenitor, the City of London, or another and more devastating financial and economic crash will be on us soon.

## Bringing Down Wall Street

For Wall Street, it is a bitter choice. The legislation they are most determined to defeat, with threats and massive lobbying funds, is the reinstatement of Glass-Steagall, especially the 21st Century Glass-Steagall Act introduced into the U.S. Senate by Sens. Elizabeth Warren, John McCain, Maria Cantwell, and Angus King—two Democrats, a Republican and an Independent—and co-sponsored by seven others.

Speaking May 23 at a Washington conference, Senator Warren did not mention her legislation until prompted by EIR representatives during the question period to “talk about Glass-Steagall.” She then gave a strong seven-minute argument for the necessity of Glass-Steagall, which provoked a standing ovation by the audience of 250.

Warren said of the gradual elimination of Glass-Steagall from the late 1980s, ending in its repeal in 1999, that “This is what created ‘too big to fail’ ” and “anything goes in banking,” and that those banking conglomerates are now “38% bigger than when the government bailed them out unconditionally in 2008.” They have, in addition, committed serious financial crimes, without punishment.

She described the 21st Century Glass-Steagall Act (S. 1282): “First, it will break these biggest banks up, and it is really only the biggest Wall Street banks that will be affected by this; and second, it will make the large, insured deposit-banking units use their resources on economic lending, otherwise, no support.” Ridiculing President Obama’s and former Treasury Secretary Tim Geithner’s “bailouts with no conditions,” Warren recalled that she had taught bankruptcy law: When new money is put into a firm in bankruptcy, “the stockholders get wiped out; the bondholders take a haircut; the top management is removed, and may be prosecuted.”

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The choice of futures is immediate: Either we bring Wall Street down now, with its even more potent progenitor, the City of London, or another and more devastating financial and economic crash will be on us soon.

Paul Gallagher

## **International Fight for Glass-Steagall**

- Giulio Tremonti Warns Against New Crisis and Bail-In, Calls for Bank Separation
- Book Review/ Interview: Giulio Tremonti  
Italy Can Defeat the Euro-Coup and Its 'International Republic of Money'
- Italy—New Initiatives for Glass-Steagall
- Mayors and Cities in Europe, United States and Canada Demand Glass-Steagall
- The City of Burnaby, BC Calls For Glass-Steagall



## Giulio Tremonti Warns Against New Crisis and Bail-In, Calls for Bank Separation

21 May 2014 (EIR)—Former Italian Economy Minister Giulio Tremonti warned against a repetition of the 2008 crisis in a video interview with the online daily [affaritaliani.it](http://affaritaliani.it).

"In my view, there is the threat that a crisis would break out again, because the same conditions are back again — with one additional concern: All government money has been used up. Too many debts. Money has been printed, but you cannot go on printing money for too long. They are planning to grab citizens' savings. They say 'bail-in' in English, but it means grabbing bank deposits.

"I think the threat is there and the only way out is to separate banking activities. If you collect citizens' savings and use it for enterprises, families, communities, that is all right and government protection is correct. But as things stand now, you collect citizens' savings to speculate with it, and on top of that you are protected by the government, do you think that is fair?"

In the last days, Tremonti has been in the center of the political debate generated by former U.S. Treasury Secretary Tim Geithner's memoir *Stress Test*, in which Geithner reveals that European officials invited him to join a plot to overthrow the Italian government in 2011, when Tremonti was Treasury and Economy Minister. In several newspaper and TV interviews, including one published by EIR, Tremonti revealed that Italy did not agree to pay into the European Stability Mechanism (ESM) if this was going to be turned into a bank-bailout fund, and that is the reason why then French President Nicolas Sarkozy and German Chancellor Angela Merkel plotted to overthrow the Italian government under Silvio Berlusconi and replace it with a technocratic puppet, Mario Monti. Decisive in the plot was the role played by the ECB, which sent an ultimatum to the Italian government threatening not to support the value of Italy's sovereign debt, Tremonti said, comparing the letter signed by successive ECB Presidents Jean-Claud Trichet and Mario Draghi to a mafia message.

### Book Review / Interview: Giulio Tremonti

## Italy Can Defeat the Euro-Coup and Its 'International Republic of Money'

by Andrew Spannaus



### Bugie e Verità: La Ragione dei Popoli (Lies and Truths: Why the People Are Right)

by Giulio Tremonti Milan, Italy:  
Mondadori, March 2014 (in Italian)

21 May (EIR)—On May 14, Giulio Sapelli, a well-known Professor of Economic History at the University of Milan, gave an interview to [ilsussidiario.net](http://ilsussidiario.net) concerning the revelations contained in former Treasury Secretary Tim Geithner's new book, *Stress Test: Reflections on Financial Crises*. The book contains an important anecdote regarding Italy, recounting how, in 2011, certain European officials asked the Obama Administration to assist in bringing down the government of Italian Prime Minister Silvio Berlusconi. For those who are knowledgeable about the events leading to the replacement of the Berlusconi government with that of the Euro-technocrat Mario Monti, such a reference to "officials" can only mean

German Chancellor Angela Merkel and then-French President Nicolas Sarkozy.

Sapelli, however, also said something out of the ordinary, which indicates the true level of the political clash which took place at the time: "The Berlusconi government was brought down, but he wasn't the real enemy; Giulio Tremonti was. He was the man who had to be kicked out." Sapelli recalls Tremonti's warnings about Europe's financial policies before the euro crisis exploded, demonstrated in detail by the documentation subsequently published in Tremonti's 2012 book, *Emergency Exit*.

Those who follow the battle for the reform of the international financial system know that for years Tremonti has fought for a return to the separation between ordinary banks and speculative banks, based on the Glass-Steagall legislation that had been in place for decades in the United States, and also for new instruments that would provide preferential credit for productive enterprises and large-scale investment in infrastructure, in contrast with the "marketist" (Tremonti's preferred term for free-market ideologues) vision of what he calls the "International Republic of Money."

As Italy's Economics and Finance Minister for a number of times—most recently, from 2008 to 2011—Tremonti led the fight for a new quasi-public bank for Italy's underdeveloped South, the Mezzogiorno, and refused to provide unconditional

public funds to the banking sector during the 2008-09 financial crisis, demanding instead, that the banks commit to lending any public funds they received to small and medium-sized enterprises. Not surprisingly, the big banks refused the offer. After the "soft coup" against the Berlusconi government in 2011, Tremonti introduced draft legislation to separate commercial banks and investment banks, which led to numerous other political forces presenting similar proposals. He filed his bill once again in the current legislature, resulting from the elections in early 2013; he is now an independent Senator.

## Italy Was Blackmailed

Of course, since Tremonti spent a number of years as Finance Minister, he is also the subject of considerable criticism from those who consider him in part responsible for the crisis. Now, in his new book, *Lies and Truths*, he presents the details of the euro crisis and its reflections in Italy in recent years, explaining what was done by both sides—the Italian government and the EU institutions. He then lays out an approach to allow the country to regain its sovereignty and importance at the international level.

The book begins with harsh criticism of the measures taken by the technocrats, starting in the 1990s, and intensified after the 2011 crisis. Essentially, Tremonti says that Italy was blackmailed by the financial markets and the European Central Bank (ECB), not based on an emergency or impending fiscal crisis, but to make it pay for the banking debts of other large countries. Italy's finances were in order, and the pension system had been adequately reformed; it was Germany and France that decided to "save the euro" by having Italy pay the bill.

The clearest example of this is the responsibility for contributions to the bailout funds (the European Stability Mechanism/ESM) used to cover losses at banks that hold high-risk bonds from Greece, Spain, and Ireland. Italy pays 18% of the total, reflecting the relative size of its GDP in Europe, but its actual exposure to these risky securities is much lower, approximately one-tenth that of France and Germany. In this manner, Italy was stuck with a large bill for the bailout to "save" the countries in crisis. The reality, though, is that those funds didn't help the respective countries at all; they went straight to their creditors abroad.

Tremonti writes:

"A false catastrophe (was created) ... because today it is clear that it was not Germany and France, with others, who saved Italy, but on the contrary, it was Italy, with others, who saved the overexposed German and French banks."

With pungent observations, the former Economics Minister traces the events of recent years, and argues that Italians suffer through these problems because their politicians—and in particular, the parties which have supported the technocrats—allow, accept, and embrace the impositions from abroad. He concludes that "it is vital to reconstruct our national sovereignty, with the State. Not to isolate ourselves, but rather to regain our rightful place."

In this context, he directly tackles the question of whether Italy should attempt to leave the euro, which is becoming a hot point of debate in the country. Tremonti starts by saying that "leaving the euro is easy to say, but hard to do.... We would need a real government, a strong government." His position is that it would be practically impossible for Italy to do so. Greece wasn't even allowed to leave, so what would happen if Italy tried? What conditions would be imposed for purchases from abroad after a devaluation? And given that a fair amount of Italy's public debt is still held abroad, or depends on the EU in some manner, "It would take almost nothing, just an announcement, a trend, to make everything explode. For example, there could be an attack on an Italian bank, maybe leading to the first case of a bail-in, to sow panic among our people."



**Italian statesman Giulio Tremonti, former Economy and Finance Minister, an outspoken critic of the "Euro-Coup," told EIR: "Today it is clear that it was not Germany and France, with others, who saved Italy, but on the contrary, it was Italy, with others, who saved the overexposed German and French banks."**

Italy is fragile, Tremonti writes, and "the 'battle over the euro,' despite being somewhat fascinating in public debate, would have to be carefully prepared, or it would just be romantic, like a Polish cavalry charge against tanks, or ... tragic like an 'act of purity,' like trying to ride a tiger. It may not be pleasant to say it, but this is the reality."

In order to find "an alternative solution to leaving the euro, or a course that prepares us for that action," Tremonti makes a series of proposals, starting with bringing the public debt back into Italian hands, thus removing the tool by which Italy is blackmailed. This is a measure that is "necessary both if we stay in the Euro, and if we were to leave."

Such an objective could be achieved by providing various incentives for purchase in Italy, starting with declaring state bonds "exempt from any current and future taxes." The goal is to "protect ourselves against the force of international speculation," and return to making Italy's presence felt in Europe, rather than submitting to diktats from other countries. Tremonti lays out actions to be taken to protect and grow the Italian economy, from renegotiating the austerity requirements in the EU's Fiscal Compact and the level of contribution to the bailout fund, to measures for protecting production in Europe and protecting public bonds from speculation.

In terms of specific measures for the Italian economy, Tremonti leads with the following three proposals: 1) the creation of a public bank for the productive economy, "Credit for the Economy," on the model of the German Kreditanstalt für Wiederaufbau (Reconstruction Finance Corporation); 2) a Glass-Steagall-style separation between commercial banks and investment banks; and 3) the principle that "everything is allowed unless it is specifically prohibited." The goal is to overcome Italian bureaucracy, which stifles economic activity (more on this below).

## A Dialogue with Giulio Tremonti

*Professor Tremonti agreed to answer some questions from this author on the issues raised in the book, which are presented below. The interview was conducted in Italian, and translated by the author.*

**EIR: Is it true that individual countries can no longer compete today? (This is a refrain often heard in support of a closer union among European countries.) Most of the world's economic powers grew up as individual countries, although based on cooperation with others as well. Do you see a need for more unification at the European level?**

**Tremonti:** There is a part of history in which Europe was united. It was united by a language and cultural code, Latin, and by very intense forms of economic union: merchants, fairs. Part of our history is that of strong integration; not forced, but natural.

This may be the difference. Our history is one of aggregation, there have been periods of significant aggregation in Europe: the age of the communication routes, the age of merchants, and the age of the Catholic Church, one faith and one language.

This was natural integration. Then there were also phases of forced integration, from Napoleon to the (Third) Reich.

**EIR: You often speak of the importance of introducing the principle that "everything is allowed unless it is specifically prohibited." Why is this needed? How is this different from those who push deregulation?**

**Tremonti:** In Italy the curve of production is inverse to the curve of legislation. When legislation begins to grow, production begins to decrease. It may be a bit of a provocation, but we could say that there wasn't exactly barbarism back in the 1960s.

**EIR: You address head-on the question of leaving the euro. How would you respond to those who say that you are too pragmatic, that you aim too low?**

**Tremonti:** First, leaving the euro would be like riding a tiger. As for the radical tendencies, which are not unfounded, the question has to be posed: What government, what national community would sign the new currency? Who would be able to sign it?

Secondly, they wouldn't let us leave. First they would make one of our banks explode.

The fact that we are inside means that we have enormous power. Now, of course, we're in a situation where there is only one bloc of interests. We don't use our power inside the euro. When we tried to do so, the Berlusconi government was overturned.

## The Subprime Crisis

*Tremonti also discussed at some length, how the subprime loan crisis came to Europe, which he did not go through in the book.*

**Tremonti:** The first subprime securities were those from the U.S., and they affected the banks in Core Europe and the U.K., banks that were in crisis, and thus invested in high-return, high-risk securities.

In 2008 and 2009, the banks of Core Europe and the U.K. failed. Many banks failed and were bailed out with various methods, using €800 billion in public funds.

The euro was invented in the cold environment of the laboratory. There is nothing more European than Goethe, and nothing more Goethian than Faust: the "winged bills," the pact with the devil. "The winged bills fly higher than fantasy can imagine."

So let's look at what happens....

The winged bills fly to the South, the Southwest, and the Northwest, in an atmosphere of uncontrolled euphoria, EU-phoria. The ECB was not responsible for the oversight of individual banks, but it did have authority and responsibility for systemic oversight.

You could say they didn't have strong powers, but they certainly should have been watching. You will never find a statement in which the ECB points out the critical aspects and the risks of private finance; only public finance, thus confusing the medicine with the disease. The public budgets were not the cause, but the medicine.

Starting in 2002, the winged bills began to fly to Greece, Spain, Portugal, and Ireland, in various forms, from swimming pools to the Olympics, from Mercedes-Benzes to overbuilding in Spain. (But remember that construction in Spain was not for second homes for people from the north of Europe; it was (for retirement), like in Florida. There were not only apartment buildings, but hospitals as well.)

In Europe, invasions are always from North to South.

When the sovereign debt crisis exploded, this second sort of subprime securities affected the banking and financial system, which had already been hit by the first subprime mortgages.

When a sovereign debt crisis explodes, there are two aspects to remember: first, if the debtor fails, the creditor fails as well; second, losses don't stop at national borders, but arrive directly at the place of incorporation of the creditor banks.

This dimension of the crisis was devastating, because it was enormous in its own right, but it also came on the heels of another crisis. And there were no public funds to be used; they had already been drained. At this point the euro itself went into crisis. The euro system risked a meltdown.

Or better, the crisis of the banks in Core Europe caused the crisis of the euro.

### The Euro Crisis

**EIR: Why is it that, starting in Autumn 2011 and into 2012, the ECB started printing enormous quantities of money? What took place was a devastating crisis of the euro system, in these terms.**

**Tremonti:** Italy was completely outside of this. I'll give you an example: Let's look at Greece.

Italian banks had potential risk in Greece of about €20 billion; German and French banks were at risk for €200 billion. European aid to Greece stayed in Greece for only half an hour—it didn't actually go to Greece.

And the same was true, with different formulas, for Spain and Ireland. Have you ever seen the English help the Irish?

This is the real story. And Italy was completely outside of all of this.

As long as I was (in the government), I never signed for the bank bailout fund. Monti arrived, and the first thing he did was sign.

The fight was over the level of contribution. If it had remained a fund for saving countries, as in the beginning, then it would have been proper to calculate the contributions based on GDP, and thus 18% for Italy. In terms of saving the banks, though, it would have been only the real percentage of financial risk.

Would the Germans have paid 18% if their exposure was only 5%? This is the real story.

### The Trend of 'Marketism'

*Lastly, I asked Tremonti about his reference to the Transatlantic Trade and Investment Partnership (TTIP), the new and somewhat controversial proposed free-trade agreement between the United States and Europe. This is an important issue, because in this period of renewed strategic tensions between the West and Russia, and worries about the increase of China's influence in international affairs, there is likely to be a strong push to consolidate the Western strategic bloc, in part through the new trade agreements currently being negotiated. Some see these agreements as a way to guarantee and increase the cohesiveness of Western democracies, in part to counter a new configuration that could arise involving closer relations between some Western countries and Russia and China.*

*In my view, I said, the risk is that these agreements will maintain the characteristics of the free-market policies that have dominated the world in recent years; that is, thanks to the rush to pursue a strategic objective, certain very harmful economic assumptions will be maintained.*

*On the point of economic policy, Tremonti responded as follows:*

**Tremonti:** The trend of marketism is reaching a critical point. Although it has been decisive for the West's strength, now it can produce the opposite effect, as happened with the Roman Empire. What is needed is to reintroduce political rules. The market by itself is no longer the West's strength. Otherwise, we have the International Republic of Money.

*Having said this, Tremonti remains convinced of the importance of relying on the Atlantic axis:*

**Tremonti:** If we want to improve the prospects for Europe in general, if we want to restore balance to Europe (to reduce the political hegemony of Germany—ed.), it can only be done on the Atlantic axis.

It cannot be done on the axis of continental energy, of the land powers. Our future is not energy in the East, but civilization in the West. This isn't against anybody, but in the interest of everyone.

## Italy—New Initiatives for Glass-Steagall

25 May 2014 (EIR)—As the Italian political system is rapidly disintegrating under the destructive impact of the EU-induced austerity, a few forces are pushing for the only policy that could not only reverse that trend, but also force a global change: a reform of the banking system after the Glass-Steagall model.

No fewer than 11 draft bills for banking separation have been filed in the two houses of Parliament, and the Finance and Treasury Committee of the Italian Senate has put a discussion of the Senate bills on its agenda. However, the discussion has been postponed for months now, as the government's populist activism has forced the legislature to discuss its flurry of so-called "reforms."

All of the draft bills, except one, call for strict separation between commercial banks and investment banks, mentioning explicitly the 1933 Glass-Steagall Act. Outstanding among those bills are those filed by Sen. Giulio Tremonti and others, two filed by the Lega Nord party, and one by Sen. Giuseppe Vacciano and 48 Senators from the M5S party. These initiatives occur in the context of an aggressive campaign for restoring Glass-Steagall by Movisol, the LaRouche movement in Italy. However, the Democratic Party—which rules the government in coalition with the centrist NCD party—has filed its own draft bill which, while paying lip service to the historical Glass-Steagall, adopts the EU regulation of ring-fencing and bail-in, and maintains the system of universal banking. This draft is clearly aimed at torpedoing true reform, which does not currently have the votes to pass in the Senate.

Things could change, however, after the European Parliament vote, which saw a sweeping success for the M5S and a severe defeat for the conservative Forza Italia (FI) party. These results will shake up the political balance nationally, and it is believed that FI leader Silvio Berlusconi will force early general elections.

In this scenario, by the time a new Parliament is in place, the Senate might be called to discuss a new draft bill, which is more advanced than any so far introduced. The new bill was drafted by Tuscany Regional Councilman Gabriele Chiurli, and might be discussed by Parliament thanks to a constitutional rule that allows Regional legislatures to forward draft legislation proposals to the national Parliament. Chiurli, an independent, filed his draft on May 22.

The new bill, unlike all the others, does not delegate the government to write the legislation, but it does specify changes to be introduced to the existing legislation that governs the banking sector. It also has an updated critique and a rejection of the proposed EU regulations. It consists of eight articles.



*Tuscany Regional Councilman Gabriele Chiurli*

**Article 1** describes the “finalities”:

1. “The current law aims at introducing the principle of banking separation, between commercial and investment banks, to the purpose of protecting citizens’ savings. Such a purpose can be achieved only through strictly separating the financial activities of deposits and credit related to the real economy from those related to high-risk investments and speculation on national and international markets.”
2. “Banking separation also pursues the aim of avoiding the diversion of public funds for the purpose of preventing the failure of credit institutions at taxpayers’ expense.”

**Article 2** changes the 1993 “Single Act on Banking and Credit Laws,” which established a national register (charter) for banks, adding to Article 13 that “the Register is divided into two sections, denominated as follows: a) commercial banks; b) investment banks.”

**Article 3** defines what commercial banks are, and what they are allowed to do: “Commercial banks can offer their customers only low-risk investments, including sovereign bonds and state-participation bonds, on the condition that: a) invested capital is no larger than two-thirds of the total amount deposited in the banking institution itself; b) invested capital is no more than EU250,000. “It is prohibited for commercial banks: a) to direct or indirectly perform any activity proper to investment banks and more generally to all financial companies that are not authorized to collect deposits from the public; b) own equity or establish agreements of a commercial nature with investment banks, brokerage firms, financial companies that are not authorized to collect deposits among the public.”

Commercial banks “are explicitly obliged to operate in substantial balance between deposit deadlines and use of financial resources.”

**Article 4** defines what investment banks are and prohibits any official from an investment bank from having a role in commercial banks, and forbids investment banks to have equity in, or agreements, with commercial banks.

**Article 5** says that within one year from the law’s entering into force, currently chartered banks must communicate to the central bank in which part of the National Register they want to be chartered, “having previously resolved incompatibilities as per the current law.”

**Article 6** mandates Parliament to draft a “different fiscal treatment for commercial banks and investment banks, aimed at favoring the former, acknowledging their role of fundamental support to the real economy of the country.”

**Article 7** establishes a series of sanctions for violations of the law, and **Article 8** is the formal clause that the law comes into force the day after its publication in the *Gazzetta Ufficiale*.

In the introduction, it says that although the discussion on separating banking activities has gone on in all countries, “rules recently introduced at the European level seem to be inadequate and, according to some observers, they reflect an excessive influence from the financial industry, which maintains the possibility of supporting investment banking activities through the commercial/retail sector.



*EIRING/Flavio Tabane II*

*Movisoli, the LaRouche Movement in Italy, has spurred the drive for a lass-Steagall law, in its organizing across the country. Here, the sign “Separate the Banks”) is located on Leonardo da Vinci’s canal in Cesenatico,*

"In fact, by introducing a separation of activities but maintaining at the same time the universal bank model, the door is left open to entanglement between the two sectors. The evidence of this is provided by the fact that the EU law prescribes the use of the so-called bail-in mechanism—the self-bail-out of the crisis-ridden institution, including expropriation of deposits—in case of failure of a universal bank which is considered as 'systemic,' putting 'stability of the system' before protection of savings. It goes so far as to establish that in the resolution, speculative debts—in the first place financial derivative contracts—enjoy protection if this is necessary for the stability of the system.

"In other words: the payment of derivatives, including 'toxic products,' is guaranteed, if that is determined to be necessary to maintain the stability of the system, even if depositors are damaged. All this represents exactly the opposite of the principle historically established by the Glass-Steagall Act and eventually adopted by all civilized countries."

The draft bill will now be discussed in a committee of the Tuscany Regional Council, and will eventually go to the floor for debate and a vote. If approved, it will automatically be forwarded to the Chamber of Deputies and the Senate, and will undergo the usual procedure to become national law.

"In case this goes wrong at any stage, we ... will not surrender: we are ready to take to the street and collect the necessary signatures to introduce the draft bill as a Law of Popular Initiative," says Councilman Chiurli on the website of his movement, Democrazia Diretta.

It is expected that other Regional legislators will follow Chiurli's example (indeed, four Regional Councils have already approved a Glass-Steagall resolution (Tuscany, Lombardy, Veneto, and Piedmont), adding to the grassroots pressure on national legislators.

by Claudio Celani

## **Mayors and Cities in Europe, United States and Canada Demand Glass-Steagall**

### **Arzwiller Declaration by French and German Elected Officials;**

***Signed on August 10, 2013***

We, the French and German mayors and elected officials gathered here in Arzwiller, France on Saturday, August 10, 2013 in the spirit of the Elysée Treaty on its fiftieth anniversary, deplore the failure of our leaders to confront the financial oligarchy which promotes social breakdown, tramples on national sovereignty and imposes on the world a conscious policy of depopulation.

We experience the consequences of their failure on a daily basis in our towns and villages. Tax revenue has collapsed and vital public services are no longer ensured. The scandal around the international manipulation of the LIBOR and the ruinous, fraudulent swaps contracts put out by the banks, which have hard hit many municipalities in Germany and in France, are but the tip of the iceberg. We need a fundamental change of direction in order to protect the general welfare and the people.

We are particularly scandalized by the new banking laws in Europe, in Germany and France, which allow unbridled speculation, while imposing ever more criminal austerity policies. We do not want the causes that produced the monsters of the 1930s to produce the same monsters today! We are committed to stopping this infernal machine.

We believe the first step to be taken is to separate banks in order to prevent the financial criminals from doing further damage, because they know the state will protect them. This is known as the principle of the Glass-Steagall Act of Franklin D. Roosevelt, which we also had in Europe after 1945.

At the same time, to jump-start our economies, we call for massive long-term investment projects, based on developing man and nature from the Atlantic to the China Sea, through an understanding on mutual development among sovereign nations. The issuance of credit by national banks will allow us to control our future.

We are convinced that failure to return to such public initiatives, both nationally and regionally, will condemn us to remain under the order of the financial oligarchy in the City of London and Wall Street and their collaborators in our countries. To reclaim our identity as true Germans and Frenchmen, patriots and world citizens, we intend to raise the voice of justice and dignity, and demand a return to what inspired the very best of our history.

That clearly means exiting the euro system, which prohibits the funding of great projects with public credit and subjugates the states to the major banks. We want a world free of the City and of Wall Street so that future generations can live, discover, create and implement mutual development. We want a true Europe of the peoples!

This is not a commitment based on partisan beliefs, consensus or compromise; the commitment we make is to the future of our children and grandchildren, and beyond that, of all mankind.

We strongly support those, in the United States, who are fighting for the same cause and hope that their success will bolster our courage. We intend to make our initiative as public as possible, while giving our own leaders no reprieve.

Signed,

June-July 2014



*Michel Carabin (Mayor of Arzviller, France)*  
*Jacques Cheminade (Founder of Solidarité et Progrès, France)*  
*Gilbert Fixaris (Mayor of Saint-Louis, France)*  
*André Granget (Mayor of Bleurville, France)*  
*Sylvain Gross (First Associate Mayor of Arzviller, France)*  
*Katja Heintges (City Councilor (Linke) of Viersen, Germany)*  
*Guy Longeau (City Councilor of Chamouilley, France)*  
*Jean-Marie Mangin (Mayor of Varmonzey, France)*  
*Georges Meyer (Deputy Mayor of Eberbach, Germany)*  
*Catherine Perez (City Councilor of Chamouilley, France)*  
*Eugène Perez (Mayor of Chamouilley, France)*  
*Dorothea Schleifenbaum (City Councilor (CDU) of Siegen, Germany)*  
*Bernard Trichot (Third Associate Mayor of Roche-sur-Marne, France)*  
*Helga Zepp-Larouche (President of BÜSo Party, Germany)*

## Legislative Support and Endorsements from US Cities and Boroughs

- June 2010: [The Borough Council of Lansford, Pa.](#) and the Council of Morgan Township both passed resolutions demanding their Congressmen re-enact Glass Steagall. -\*September 2010: The Port Jervis, New York City Council passed LPAC's resolution for Glass-Steagall.
- Fall 2010: Mansfield Township, New Jersey passed LPAC's resolution for Glass-Steagall.
- May 24, 2011: [The city council of Irvington, NJ](#) passed a Glass-Steagall resolution.
- June 13, 2011: The city council of Newton, NJ passed a Glass-Steagall resolution.
- June 14, 2011: The city council of Elizabeth, NJ passed a Glass-Steagall resolution.
- June 20, 2011: The [City Council of the Boro of Ridgway, PA](#) passed a resolution calling on Congress to pass H.R. 1489.
- July 11, 2011: The [Council of the Home Rule Borough of Edinboro, Pennsylvania](#) passed a resolution in support of H.R. 1489.
- July 12, 2011: The [City Council of Harrisburg, Pennsylvania](#) passed a resolution calling for Glass Steagall by a unanimous vote of 7 to 0.
- July 14, 2011: The City Council of Conroe, Texas passed a resolution supporting Glass-Steagall.
- July 18, 2011: The [Borough of Berwick, PA](#), a town of 10,000, passed the Glass-Steagall resolution.
- July 19, 2011: The Borough of Ambler, Pennsylvania passed the Glass-Steagall resolution.
- August 8, 2011: [Portsmouth, Ohio City Council](#) passes Glass-Steagall resolution.
- September 6, 2011: [City Council of Parma, Ohio](#) Passes Resolution for H.R. 1489.
- October 3, 2011: [City of Lorain, Ohio](#) passed a resolution for the reinstatement of Glass Steagall through the enactment of H.R. 1489.
- October 6, 2011: The [City Council of Ranson, West Virginia](#) unanimously passed a resolution for the reinstatement of Glass Steagall through H.R. 1489.
- October 6, 2011: The Middlesex County (NJ) Board of Chosen Freeholders unanimously passed a Glass Steagall resolution.
- October 18, 2011: The [Common Council of the City of Buffalo, NY](#), passed a resolution "Urging Congress to enact the 'Return to Prudent Banking Act of 2011' (H.R. 1489) as quickly as possible."
- November 6, 2011: [Middlesex County, NJ](#) passed a resolution to "Urge Congress to Enact 'Return to Prudent Banking Act of 2011' (H.R. 1489) as quickly as possible".
- November 15, 2011: The Board of Chosen Freeholders County of Hudson passed a resolution "Urging Congress to Enact 'Return to Prudent Banking Act' (H.R. 1489)".
- November 29, 2011: The Madison, Wisconsin City Council passed a resolution in favor of H.R. 1489.
- December 14, 2011: The [Essex County, NJ](#), Board of Freeholders passed a resolution in support of H.R. 1489.
- May , 2012: The [Morgan Township in Greene County, Pennsylvania](#) passed LPAC's Emergency Resolution on Glass-Steagall, national banking, and NAWAPA.
- May 21, 2012: The Gilmore Township Board of Supervisors, also in Greene County Pennsylvania, passed the LPAC resolution on Glass Steagall, national banking, and NAWAPA.
- May 29, 2012 - Wayne Township Board of Supervisors in Greene County, Pennsylvania has endorsed the LPAC resolution.
- June 1, 2012 - The King Township Board of Supervisors in Bedford County, Pennsylvania endorsed the LPAC

resolution on Glass-Steagall, national banking and NAWAPA.

- June 4, 2012 - Cumberland Township Board of Supervisors in Greene County, Pennsylvania endorsed the LPAC resolution.
- June 4, 2012 - Center Township Board of Supervisors in Indiana County, Pennsylvania endorsed the LPAC resolution.
- June 6, 2012 - The Coolspring Township Board of Supervisors in Mercer County, Pennsylvania unanimously endorsed LPAC's emergency resolution.
- June 7, 2012 - The Middletown Township Board of Supervisors in Susquehanna County, Pennsylvania voted 5-0 in support of the LPAC resolution.
- June 12, 2012 - Rome Township Board of Supervisors in Crawford County, Pennsylvania, passed the LPAC emergency resolution.
- June 11, 2012 - [South Union Township of Fayette County, Pennsylvania](#) endorsed the complete LaRouchePAC emergency resolution to restore Glass-Steagall, build NAWAPA XXI and restore the system of public credit.
- June 13, 2012 - Factoryville Board of Supervisors, in Clinton Township, Wyoming County, Pennsylvania, voted up and passed the LPAC emergency resolution.
- June 14, 2012 - Meshoppen Township Board of Supervisors in Wyoming County, Pennsylvania has endorsed the LPAC emergency resolution.
- July 9, 2012 - Slippery Rock Township Board of Supervisors in Lawrence County, Pennsylvania has endorsed the LPAC emergency resolution.
- July 9, 2012 - Lackawannock Township Board of Supervisors in Mercer County, Pennsylvania has endorsed the LPAC emergency resolution.
- July 12, 2012 - The [Borough of Carteret, NJ](#) passed a resolution in support of H. R. 1489, at the motion of the city's mayor, Daniel Reiman.
- July 17, 2012 - A 17th Pennsylvania municipality has endorsed the restoration of Glass-Steagall through HR 1489. After two months of debate, the Loyalsock Township Board of Supervisors in Lycoming County (north-central PA), passed a resolution, adopting language from a draft resolution circulated by LaRouchePAC, to endorse HR 1489, and a "restoration of the U.S. System of Public Credit to assist in public infrastructure projects."
- July 18, 2012 - [Jersey City](#), the second largest city in New Jersey with a population of 247,000, passed a resolution in support of H.R. 1489 to reinstate Glass-Steagall.
- July 19th - The Rush Township Board of Supervisors in Schuylkill County, PA (the 17th CD of Rep. Tim Holden) became the 18th Pennsylvania municipality to endorse the LaRouche PAC Glass-Steagall/NAWAPA XXI emergency resolution.
- July 24, 2012 - [Monroe Township of Snyder County, PA](#) became the 18th Pennsylvania municipality to endorse Glass-Steagall.
- August 8th, 2012 - The [Council of the City of Perth Amboy, NJ](#) passed a resolution urging Congress to enact H.R. 1489, "The Return to Prudent Banking Act."

## Growing Support for Glass-Steagall by Canadian Municipalities and Labour Unions

6 June 2014 (CRC)-- "...When the City of Burnaby, BC decided last November to endorse our call for the restoration of Franklin Roosevelt's "Glass-Steagall" Bank Act of 1933, as the globally applicable model to separate commercial banks from investment/speculative banks, (5) we welcomed the opportunity to take the battle for Glass-Steagall to another level.

During the Canadian Labour Congress' 27th Constitutional Convention at the Palais des Congrès in Montreal over May 5 - 9, 2014, our organizers took the next step forward with about 100 Labour Union Representatives from 9 provinces across Canada, including several dozen presidents and key executives of Union Locals representing CUPE (the Canadian Union of Public Employees), Unifor (Canada's largest private sector union), and Teamsters Canada, signing the *Appeal for a Global Glass-Steagall Now!*.

With the Union of Quebec Municipalities (UMQ) conference in Gatineau, Quebec, last month and the Federation of Canadian Municipalities (FCM) conference a week later in Niagara Falls, we had an opportunity to speak with hundreds of Mayors and City Councillors from across Canada. Overall nearly 30 City Councillors and Mayors from villages to major cities across Canada signed the Appeal and another 35 or so city officials who were met took a short briefing from our organizers, and some Glass-Steagall related political literature to study and left their coordinates to be called back.

What tended to catch the attention of those who signed the Appeal, was not just the need to escape from a looming financial and economic crisis through a return to banking regulations, but the need to create an entirely new perspective for the future by cooperating with the nations of Eurasia on projects such as the Eurasian Landbridge and the Maglev rail corridor across the Bering Strait (6).



## The City of Burnaby, BC Calls for Glass-Steagall

Burnaby, population 223,000, is the third-largest city in British Columbia. Its local paper, [\*Burnaby Now\*](#), reported Nov. 27th on [it's City Council's endorsement of restoration of the Glass-Steagall Act.](#)

"In an effort to stave off another Great Depression or 2008 stock market crash, Burnaby is supporting a Canadian push to limit banking powers.

"Council recently received a letter from Robert Hux, of the Committee for the Republic of Canada based in Montreal, calling for the reinstatement of American legislation on a global scale, known as Glass-Steagall.

"...Essentially, reinstating the act would make global 'megabanks,' such as J.P. Morgan Chase and the Bank of America, smaller and their failures would have less influence on the global market.

"...The idea being that a new act would re-establish a firewall between commercial and investment banking, making the financial system more secure, stable and manageable as history has shown that 'self supervision' by the banks and security firms has not been in citizens' best interest,' Denise Jorgenson, director of finance, stated in her report.

"...Council decided to write a letter of support to the Committee for the Republic of Canada, in an effort to bring back Glass-Steagall legislation."

Here is the November 29th letter by Derek R. Corrigan , Mayor of the City of Burnaby, British Columbia [\(in pdf format\)](#)



## **No To Bail-In**

- Moody's Downgrades Canadian Debt, Due to 'Bail-in' Policy
- 'Bail-In Bonds' Signal Coming Financial Crash
- RBC Begins To Issue 'Bail-in Bonds' As Europe Prepares To Shut Down A Significant Number Of Large Banks
- Video : The Cyprus Template: Your Money AND Your Life
- EU Completes "Single Resolution Mechanism" for Suicidal Bailout and Bail-in of Bankrupt Banking System
- Canadians in Uproar Over Proposed Stealing of Their Deposits
- Bank Deposits Can Be Used To Bailout Canadian Banks!  
Yes, 'It Can Happen Here'.

## Moody's Downgrades Canadian Debt, Due to 'Bail-in' Policy

14 June 2014 (EIRNS)—Canada's seven largest banks saw their Moody's rating cut on some of their senior debt and uninsured deposits on June 11, "in the context of previously announced plans by the Canadian government to implement a 'bail-in' regime for domestic systemically important banks."

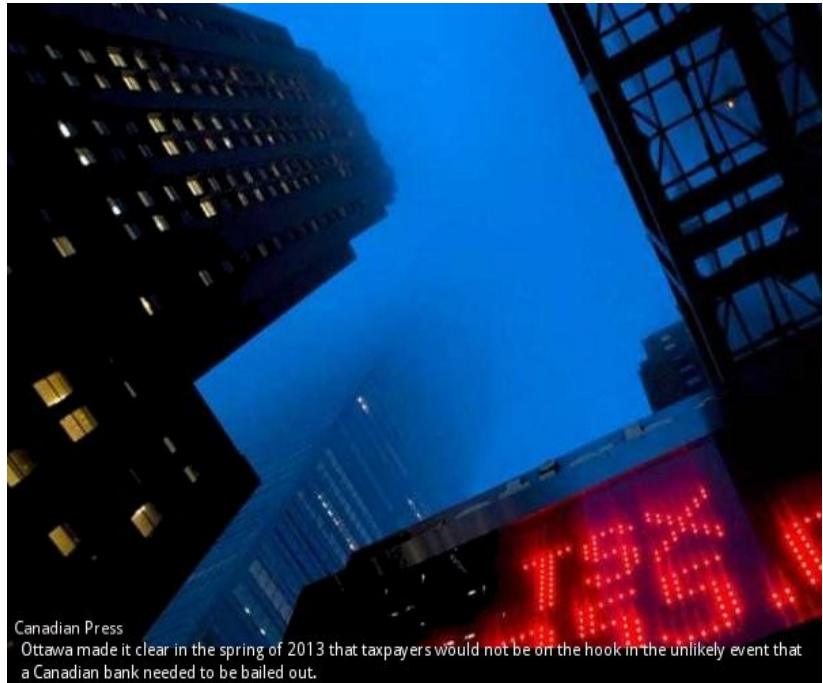
According to a story in the [Financial Post](#), Moody's also cited an "accelerating" global trend towards reducing the public cost of future bank "resolutions."

Canada adopted a "bail-in" policy in its 2013 budget; the plan was first proposed in the spring of 2013, immediately after the Cyprus bail-in, and when Mark Carney, currently the governor of the Bank of England, was governor of the Bank of Canada.

Of course, a debt write-down is the least of the problems which a bail-in policy, mandated by the G20, creates—everything from mass expropriation of the population, to the collapse of the world financial system as a whole.

For the moment, Moody's left the long-term ratings of the banks as a whole as "stable." The banks affected are the "systemically important" ones: Toronto-Dominion Bank, Royal Bank of Canada, the Bank of Nova Scotia, the National Bank of Canada, the Canadian Imperial Bank of Commerce, and the Bank of Montreal.

Nancy Spannaus



Canadian Press  
Ottawa made it clear in the spring of 2013 that taxpayers would not be on the hook in the unlikely event that a Canadian bank needed to be bailed out.

## 'Bail-In Bonds' Signal Coming Financial Crash

1 April, 2014--(EIR-Economics)—The simultaneous appearance in Europe and Japan of "bail-in bonds" issued by large universal banks, indicates that the huge non-performing holes in the mega banks' asset books, particularly those in Europe, are soon to be exposed, and those banks are facing a new financial crash. "Bail-in bonds" are more or less openly worthless securities, made to absorb large losses when the toxic assets filling the biggest banks' books are revealed again, as they were in 2007-08. Banks have started issuing these bail-in bonds largely to one another, and to shadow banks.

The *Financial Times* reported March 31 that MizuhoBank in Tokyo will kick off "bail-in bonds" in Japan on April 3, with an issue "worth" \$1.5 billion. These are essentially deep sub-prime bank bonds; they bear high interest (nearly 5% in the MizuhoBank case); and they are officially, instantly, permanently worth zero if the bank is even ordered to recapitalize, let alone threatened with insolvency.

The issuance of such "bail-in bonds" by big banks in Europe has been occurring since early March; even known-bankrupt behemoths like the Monte dei Paschidi Siena bank in Italy—the oldest surviving bank in the world, and Italy's third largest, are selling "bail-in bonds." Their qualification as so-called Tier II bank capital is part of the requirements of the European Commission's mandatory bank bail-in regime announced March 20 as the so-called Single Resolution Mechanism (SRM) of a European Banking Union. That long title is intended to establish that, as of 2016, "bail-in" will be the only procedure permitted for resolving "systemically important" megabanks which are insolvent.

The "investors" who are buying these bail-in bonds, which are clearly made for speculative trading, securitization, and derivatization, will be other banks and shadow banks, hot money looking for high yield before the crash. Ironically, the "credit" to buy them is right now fleeing out of the "emerging markets' carry trades," which were created by Federal Reserve and other central banks' quantitative easing bailouts, and which are now sinking as the Fed tries to "exit" from that hyperinflationary policy. Some of the hot money now running around from losses in the China, Brazil, et al. carry trades is now flowing into the most collapsed economies of Europe and buying such instruments as banks' bail-in bonds.

## 'Black Boxes' of Losses To Open

The mega banks' assets books in the trans-Atlantic area alone are bloated to roughly \$30 trillion for the dozen biggest banks each in the United States and Europe, having been pumped up by \$8 trillion through the "quantitative easing" bailout policies of the U.S. Federal Reserve, Bank of England, and Bank of Japan. In Europe alone, it is estimated that at least \$2-2.5 trillion represents non-performing and largely worthless assets.

The policy of "bail-in" for large banks threatened with insolvency, has been put in place by the European Commission and

its European Banking Union so that the balance sheets of these banks can finally be wrung out, with the banks' creditors, depositors, and taxpayers paying for the huge losses. This will be done through an "asset quality analysis" of the 130 largest European banks, conducted by the European Central Bank (ECB) from now until November, in which it is expected by the SRM's regulators that 25-30 of these banks will be found insolvent, sold off, or shut down.

Wolf Richter, a bank analyst and former regulator writing *Investing.com*, described the process as follows:

"European banks, like all banks, have long been hermetically sealed black boxes.... The only thing known about the holes in the balance sheets of these black boxes, left behind by assets that have quietly decomposed, is that they're deep. But no one knows how deep. And no one is allowed to know—not until Eurocrats decide who is going to pay for bailing out these banks."

Richter quotes ECB head Mario Draghi about the asset quality reviews, or bank stress tests:

"The effectiveness of this exercise will depend on the availability of necessary arrangements for recapitalizing banks including through the provision of a public backstop.... These arrangements must be in place before we conclude our assessment."

"These arrangements" are the bank bail-in process just "legislated" by the European Union Finance Ministers and the European Commission, the March 20, 2014 Single Resolution Mechanism noted above. But Draghi's reference to "provision of a public backstop" gives away the fact that bail-in is always combined with taxpayer bailout—even though it is touted by promoters of the Dodd-Frank Act and the like as meaning "the end of taxpayer bailouts of banks."

For example, in the infamous Cyprus case of bail-in, called "the template" by the head of the European Finance Ministers Council, 41% of all depositors' money in Cyprus's two biggest banks was confiscated, including business payrolls and operating accounts, and the island's economy was crushed by austerity. But at the same time, one of those two banks was bailed out by the European Stability Fund with EU9 billion (about \$12 billion) from European taxpayers, so that the Bank of Cyprus could repay its loan from the European Central Bank.

As economist Ellen Brown of the Public Banking Institute wrote in a March 29 analysis of the oncoming bail-in crash titled "Banking Union Time Bomb": "Only after the taxpayers—and the depositors—are stuck with the tab, will the curtain be lifted and the crippling insolvency of the banks be revealed. Predictably, panic will then set in, credit will freeze, and the banks will collapse, leaving the unsuspecting public to foot the bill."

### **Glass-Steagall or Chaos**

A Bank of England policy document of September 2012 which was instrumental in the adoption of the European bail-in, made clear that its origin is the refusal to break these big banks up before they crash, by implementing Glass-Steagall, "in particular for G-SIFIs (global systemically important financial institutions—ed.) whose operations are too large, complex, or interconnected to split up without threatening the critical services that the bank provides the bail-in power may be used to ensure creditors are exposed to losses without disrupting critical functions." The depositors are sacrificed to preserve the mega-bank.

In the deadly austerity of the "bank bail-in" process now adopted for Europe's 130 biggest banks, the first step after a bank's collapsing assets have wiped out part, or all of its capital, and fallen below its liabilities, is for a national government to attempt to bail the bank out. But bailouts and austerity have largely exhausted the national governments' capacity for more national bailouts. And the EU bail-out funds now supposedly will not contribute until after bank bondholders and depositors have been confiscated. Thus to step two: The bank defaults on its unsecured creditors, "bailing them in" by issuing them probably worthless bank stock shares in place of their defaulted bonds. "Bail-in bonds" go here.

Step two might improve the mega-bank's balance sheet, and even pretend to increase its "capital," were it not for the fact that these banks' "assets" are dominated by financial derivatives, so-called "qualified financial contracts" in huge volumes, whose counter-parties—other banks and shadow banks—can seize collateral from the bank. The City of Detroit, Mich., as it was pushed into bankruptcy, has been made a glaring example of this brutal looting by derivatives counter-parties. In the face of this tidal wave washing over capital and "assets," it's on to the next stage: bailing in uninsured deposits. These are wiped off your deposit book and, again, replaced with dubious bank stock. Liabilities of a European mega-bank held in the United States or in Asia, for example, are also supposed to be taken and "bailed in." And European bail-out funds, taxpayers funds, are now used as well, in an "EU Bank Resolution Fund" and other vehicles.

But the sheer mass of these derivatives contracts, each taking its pound of flesh, still wipes out the new "capital" as fast as bail-in creates it. The bail-in goes on to stage four: bailing in insured deposits, secured creditors, etc.

Nor should this bail-in process wait until the bank crash actually begins, when it can help to start the crash instead. Thus, "bail-in bonds."

*By Paul Gallagher*

## **RBC Begins To Issue 'Bail-in Bonds' As Europe Prepares To Shut Down A Significant Number Of Large Banks**

9 April, 2014--(CRC)—On March 20 the European Finance Ministers hastily hammered out a deal to establish a 'Single Resolution Mechanism' (SRM). [As LPAC reported on March 21](#), this was done in order to prepare their nations for "the shutting down of a significant number of the 120 largest banks by bailing-out and/or bail-in the bad debt and absorb these failed banks into the Too Big To Fail banks".

On April 1st *Executive Intelligence Review's* Paul Gallagher wrote in '[Bail-In Bonds' Signal Coming Financial Crash](#) that

"*Bail-in Bonds*" are more or less openly worthless securities, made to absorb large losses when the toxic assets filling the biggest banks' books are revealed again, as they were in 2007-2008. Banks have started issuing these bail-in bonds largely to one another, and to shadow banks.

"...The issuance of such "bail-in bonds" by big banks in Europe has been occurring since early March...Their qualification as so-called Tier II bank capital is part of the requirement of the European Commission's mandatory bank bail-in regime announced March 20 as the so-called Single Resolution Mechanism (SRM) of a European Banking Union. That long title is intended to establish that, as of 2016, "bail-in" will be the only procedure for resolving "systemically important" megabanks which are insolvent."

The Financial Post has revealed on February 14 in the article "[\*\*Bail-in Bonds\*\*](#)" riskier than previously thought, Standard & Poor's warn," that "In this country, only Royal Bank of Canada has issued bail-in bonds, announcing the sale last month of \$500-million of hybrid pref shares that convert to common equity if the Office of the Superintendent of Financial Institutions determines that the bank is no longer viable."

[\*\*Already in May of 2013, the Committee for the Republic of Canada had warned\*\*](#) that the Bank of Canada and the Office of the Superintendent of Financial Institutions were preparing to bail-in citizen's bank deposits!

As economist Ellen Brown of the Public Banking Institute wrote of the oncoming bail-in crash titled "[\*\*Banking Union Time Bomb\*\*](#)" :

"And it's not just the EU that has bail-in plans for their troubled too-big-to-fail banks. It is also the US, the UK, [\*\*Canada\*\*](#), Australia, New Zealand and other G20 nations. Recall that a depositor is an unsecured creditor of a bank. When you deposit money in a bank, the bank "owns" the money and you have an IOU or promise to pay.

"...Only after the taxpayers—and the depositors—are stuck with the tab will the curtain be lifted and the crippling insolvency of the banks be revealed. Predictably, panic will then set in, credit will freeze, and the banks will collapse, leaving the unsuspecting public to foot the bill."

We invite our readers to read and circulate the latest national leaflet issued in the United States by LPAC titled: "[\*\*The Cable Has Been Cut\*\*](#)" [\*\*LaRouche: British Empire's "Bail-in" Is Driving Thernuclear World War III\*\*](#)

The Editor

## Video : [\*\*The Cyprus Template: 'Your Money AND Your Life'\*\*](#)



<http://www.committeerepubliccanada.ca/article2964.html>

June-July 2014

## **EU Completes "Single Resolution Mechanism" for Suicidal Bailout and Bail-in of Bankrupt Banking System**

21 March 2014 (LPAC)—The EU reached a "final solution" to the Euro banking system bankruptcy yesterday after an all-night session. German Finance Minister Wolfgang Schäuble was drawn into the talks around 5:30 a.m. to sign off on the deal. The Single Resolution Mechanism (SRM) will need formal approval by the European Parliament and by national governments, which they intend to accomplish by the end of the EP plenary session in Strasbourg in mid-April, the last session before the European elections in May.

The Irish Times reports that the big breakthrough came when they agreed that bail-in will be applied equally — suicide in one nation will be the same as in any other nation. The SRM will have a Euro 55 billion bail-out fund, supposedly to be contributed by the banks over 8 years, but backed by governments in the meantime, to be used together with bail-in to carry out the EU's intention of shutting down a significant number of the 120 largest banks, bail out and/or bail-in the bad debt, and absorb these failed banks into the Too Big To Fail banks. This assumes that the coming bank crisis will be relatively small and one-by-one, rather than the reality of the pending systemic collapse.

The fund will be consolidated from national funds to a joint fund over the eight years. According to Dutch MEP Corienn Wortmann-Kool, this will create a resolution process that would treat banks equally, regardless of the size of the country they were based in. "We want bail-in of creditors and investors to be applied in the same way to all banks irrespective of the member states these banks are located in," she said, using the example of Ireland as compared to larger states such as Germany and France.

The Irish Times reports proudly: "While the plan agreed in December would have meant that a French or German bank, for example, with a large fund behind them would have been able to implement a moderate bail-in, an Irish bank with a smaller national fund would be forced into a deeper bail-in, leading to higher funding costs, she said."

Sovereignty is further intentionally undermined: "The agreement also envisages that the European commission will approve decisions made by the SRM board on resolving banks, rather than member states, though finance ministers will still have the right to intervene in certain cases. MEPs had been trying to limit the power of member states to interfere in the decision-making process, amid fears of political interference."

The fund will also have a borrowing capacity, in case anyone was worried that Euro 55 billion can not cover the \$1.4 quadrillion bubble.

*The process was described as "democracy at work" by Wortmann-Kool.*

## **Canadians in Uproar Over Proposed Stealing of Their Deposits**

4 April 2013 (CRC)—The inclusion of a "bail-in" provision in the Canadian budget ("Economic Action Plan 2013"), released by the Ministry of Finance on March 21, set off a storm when details of the Cyprus "bail-in" bank heist emerged only days later. The provision, appearing on page 145, reads:

"The Government proposes to implement a 'bail-in' regime for systemically important banks. This regime will be designed to ensure that, in the unlikely event that a systemically important bank depletes its capital, the bank can be recapitalized and returned to viability through the very rapid conversion of certain bank liabilities into regulatory capital.... The Government will consult stakeholders on how best to implement a bail-in regime in Canada...."

So much for Canada's reputation as one of the safest bank regimes in the world!

The hot topic now is just what "certain bank liabilities" are contemplated for confiscation. The Finance Minister's Press Secretary, Kathleen Perchaluk, issued a statement on April 2 insisting that "the bail-in scenario described in the Budget has nothing to do with depositors' accounts and they will in no way be used here. Those accounts will continue to remain insured through the Canada Deposit Insurance Corporation, as always."

Canadian Broadcasting Corporation senior Washington correspondent Neil Macdonald pointed out, however, in his article the next day ("Canada's 'Cyprus solution' for Bank Defaults"), that the Finance Ministry did not choose to include that guarantee in the text of the budget, while the Europeans and the IMF had made clear in Cyprus that they "had been prepared to do the unthinkable... The fact is, if Ottawa is seriously contemplating the failure of a Canadian bank, ordinary Canadians might want to do the same, and govern themselves accordingly," MacDonald advised.

## **Bank Deposits Can Be Used To Bail Out Canadian Banks! Yes, 'It Can Happen Here'.**

31 March 2013 (CRC)—When the president of the so-called Eurogroup, the Netherlands Finance Minister Jeroen Dijsselbloem let the cat out of the bag in terms of bankers future plans following the theft of Cypriots bank deposits, all hell broke loose in Europe as the financial press headlined that the seizing of bank deposits of Cypriots would become a "template for other European Union countries".

What Dijsselbloem had said in that recent Reuters interview was not an opinion, a mistake or a misquote. All bank deposits

worldwide, not just in Europe, are now at risk as per the policy directives issued by the Basel-based Financial Stability Board (FSB) to the G20 countries in October 2011. The 45 pages FSB guidelines entitled "[Key Attributes of Effective Resolution Regimes for Financial Institutions](#)" dealt with the risks associated with "systemically important financial institutions" (SIFI). A more recent, December 10, 2012, joint paper by the US Federal Deposit Insurance Corporation (FDIC) and the Bank of England (BOE) called "[Resolving Globally Active, Systemically Important, Financial Institutions](#)" goes back to the period of the passage of the Dodd-Frank Act in June 2010. "The Dodd-Frank Title II, *Orderly Liquidation Authority*, and those who voted for it **were voting to trash the principles of Glass-Steagall organization and regulation of commercial banking.**"

Is it any surprise that Canada has already put into law the FSB directive? Not if you consider that Mark Carney, who was appointed November 4, 2011 president of the Financial Stability Board at the Bank for International Settlement (BIS) is the "enforcer" of the policy. Carney came in just a few days after the FSB guidelines were announced in October 2011 under the watch of Mario Draghi who, like Carney, is a former executive at Goldman Sachs. In the meanwhile, Minister of Finance Jim Flaherty has included in his recent budget *Economic Action Plan 2013*, on pages 144-145, directives to implement a "bail-in regime" for systemically important banks in Canada:

*"The Government also recognizes the need to manage the risks associated with systemically important banks—those banks whose distress or failure could cause a disruption to the financial system and, in turn, negative impacts on the economy. This requires strong prudential oversight and a robust set of options for resolving these institutions without the use of taxpayer funds, in the unlikely event that one becomes non-viable.*

*"The Government intends to implement a comprehensive risk management framework for Canada's systemically important banks. This framework will be consistent with reforms in other countries and key international standards, such as the Financial Stability Board's **Key Attributes of Effective Resolution Regimes for Financial Institutions**, and will work alongside the existing Canadian regulatory capital regime. The risk management framework will include the following elements:*

*"Systemically important banks will face a higher capital requirement, as determined by the Superintendent of Financial Institutions.*

*"The Government proposes to implement a —bail-in regime for systemically important banks. This regime will be designed to ensure that, in the unlikely event that a systemically important bank depletes its capital, the bank can be recapitalized and returned to viability through the very rapid conversion of certain bank liabilities into regulatory capital. This will reduce risks for taxpayers. The Government will consult stakeholders on how best to implement a bail-in regime in Canada. Implementation timelines will allow for a smooth transition for affected institutions, investors and other market participants."*

## **Glass-Steagall or Die**

[Only a global Glass-Steagall system](#) can prevent the genocide levels of austerity presently in the implementation stage and bring about a more just new worldwide credit system capable of issuing large amounts of productive public credit for world reconstruction.

Gilles Gervais

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### **See also:**

['Too Big To Close': those who voted for Dodd-Frank are in on deposit robbery](#)  
<http://www.comiterepubliquecanada.ca/article2961.html>

[A NATIONAL ECONOMIC RECOVERY PROGRAM](#)  
<http://www.comiterepubliquecanada.ca/article2972.html>

## **II. NATIONAL BANKING FOR PRODUCTIVE CREDIT**

-Alexander Hamilton's Credit Principle

*By Lyndon LaRouche*

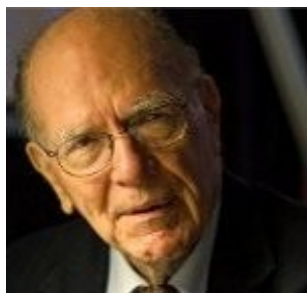
-Summary and Draft Legislation  
to Restore the Original Bank of the United States



# Alexander Hamilton's Credit Principle

This article appears in the September 23, 2011 issue of [Executive Intelligence Review](#) and is reprinted with permission.

The following excerpt is from Lyndon LaRouche's Jan. 22, 2011 webcast.



**Lyndon LaRouche**

The once-victorious states of the United States, once the victory over the British had been secured, found themselves buried in a war debt incurred by the respective former colonies. Hamilton's genius saved the United States, as the same principle, expressed by the re-enacted Glass-Steagall law of 1933, would save our United States, again, today—if we acted to force through that reform, whatever that requires, immediately, now.

By creating a Federal Constitution, one designed under the great guiding, inviolable principle of the present Federal Constitution's General Welfare clause, all of those elected officials who oppose that constitutional principle affirmed as the Preamble of that Constitution, are morally obliged either to change their opinion, or leave office out of a desire not to pollute our government with their unwholesome, misguided opinions.

Hamilton's turning our United States to national banking under a credit system, rather than a European type of monetarist system, provided the solution, a unique solution which sometimes influenced both European and some American states, in particular, but which rose to a more outstanding degree of durable quality than other leading nations to the present date. On that account, since 1776, the British Empire has sought to subvert and destroy us, from that time to the present day of the anglophile corruption expressed by such putative protégés of the most regrettable, lying, former Prime Minister Tony Blair, as President Barack Obama.

That principle of a credit system, emphasized by Hamilton, rather than a typically European monetarist system, is a principle directly counterposed to the monetarist principle which was established as that principle of usury of the Roman Empire which is continued by the present British empire, and tolerated, still, among most of the nations of Europe and elsewhere, still today.

That principle is also a moral principle, enshrined against that principle of monetarist usury which has been employed to wreck our republic, as has been especially notable since President Nixon's implicitly treasonous, great criminality of August 1971.<sup>[1]</sup>



**Alexander Hamilton**



**Pine Tree Shilling**

The principle is elementary. It is the principle of the Pine Tree Shilling of the original Massachusetts Bay Colony. *Honest debt to the future can be paid only through honest creation of future physical and equivalent wealth, including the development of the relevant creative powers of the individual citizen, and also the children and adolescents of those families.*

*Such debts of a credit system must be paid by the fruitfulness of future production, as this principle was already understood by the Winthrops and Mathers of the original Massachusetts colony. Such debts require that the government delimit such accumulations of debt to the efficient commitment to promote that production. Such debt can be lawfully incurred only by a decision premised on a reasonable expectation of the relevant creation of the increased physical wealth, and of the increased physical productivity of the nation. Debts incurred on the account of financial speculation are not legitimate debts of a government.*

This describes, in rather plain language, Alexander Hamilton's great principle, as embedded in the subsuming intent of the Preamble of our Federal Constitution.

Debts are good, when they are designed to be made good, as by a credit system based on a commitment to increase the creation of net wealth per capita, and per square kilometer of the territory of a nation. The famous Saugus Iron Works typifies the genius of successes which horrified the more backward, and often useless souls reigning jealously over England at that time.

In practice, the success of the U.S. economy has always lain, chiefly, in the production of those public works through which the increase of the physical productivity of the nation is effected, as it is measurable per capita and per square kilometer of territory. No true republic was ever a mere collection of parts; but is the summoning of diversity to the effect of an intended greater and better unity. . . .

# Summary and Draft Legislation to Restore the Original Bank of the United States

Just as the latest revelations about the bankruptcy of the U.S. Federal Reserve begin to hit the press, the LaRouche Political Action Committee (LPAC) has released Draft Legislation to Restore the Original Bank of the United States. The legislation, prefaced by an introductory discussion of the bill's basic principles, is part of the three-part emergency program which LaRouche PAC has demanded be implemented immediately, in order to avoid the destruction of the nation by the British financial oligarchy's program of genocidal hyperinflation and austerity.

[Click here](#) or on the Image to Download Draft Legislation to Restore the Original Bank of the U.S.

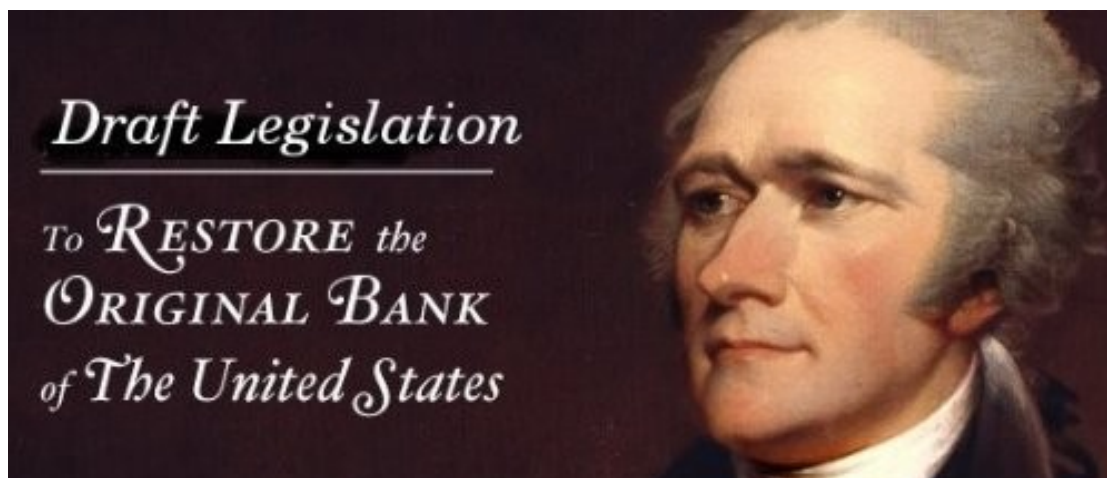
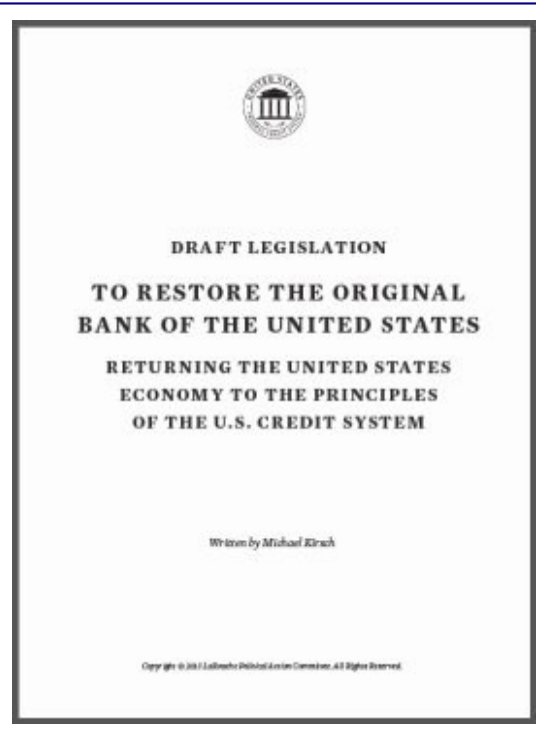
In the introduction, author Michael Kirsch lays out the fundamental principle of the credit system, as put into practice by the U.S.'s first Treasury Secretary Alexander Hamilton, as opposed to the monetarist system that the British financial empire has imposed on the world.

"Monetarism constantly looks backward to the past, with the aim of monetizing the results of past production, rather than the creation of new wealth," Kirsch writes. "In the credit system, the measure of value is not capital or money, but the mental powers which increase the productive powers of labor, which in turn increase productive output, thereby increasing the value of good, labor, and capital."

Having laid out the principles, Kirsch reviews the history of the fight within the U.S. over Hamilton's credit system, including its sabotage by President Thomas Jefferson, its revival by Mathew Carey, its burial by British agent Andrew Jackson, and the heroic fights to restore it, even without a National Bank, by Presidents Lincoln and Franklin Roosevelt. The concept is strikingly put by one of Lincoln's economists William Elder, who wrote in 1871:

"A society without a credit system is simply savage. A business economy, whose capital should be limited to material property, would be a despotism of property... as dead as the insensate earth, where all that is precious is in the fixity of crystals, and all that is common, is as incapable as the rocks in which the gold and silver are confined."

Kirsch then summarizes the elements of the national bank legislation, which would be capitalized with a portion of Federal debt, as well as state and municipal bonds, and lend for infrastructure, industry, and manufacturing, following Hamilton's principle of lending to advance the productive powers of labour, not serving as a money-production machine, like the Federal Reserve. The draft legislation then follows.



[http://larouchepac.com/files/draft-bank-of-us\\_1.pdf](http://larouchepac.com/files/draft-bank-of-us_1.pdf)

June-July 2014

### **III. USE A FEDERAL CREDIT SYSTEM TO CREATE HIGH-PRODUCTIVITY EMPLOYMENT**

- VIDEO: Weekly Report – The New Paradigm for Mankind
- Special Report Nuclear NAWAPA XXI : Gateway to the Fusion Economy
- Appendix 1: Energy Flux Density

## VIDEO: Weekly Report – The New Paradigm for Mankind



<http://www.comiterepubliquecanada.ca/article4668.html>

### Special Report Nuclear NAWAPA XXI : Gateway to the Fusion Economy, *21st Century Science and Technology, 2013.*

#### Appendix 1: Energy Flux Density

The first evidence of a distinction between mankind and the apes comes with first appearance of ancient fire pits, used to control the power of fire for the betterment of the conditions of life of those wielding that new power. From that time onward, mankind could no longer be characterized biologically or by biological evolution—the evolution of the creative mental powers unique to the human mind became the determining factor. Biology took a backseat to the increased power of thought wielded by the human species.

This is the secret—and science—of economic growth, and is expressed in the control over successively higher forms of fire. This started with transitions to more energy-dense forms of chemical combustion, from wood burning (and charcoal), to coal (and coke), to petroleum and natural gas. The developments around the end of the 19th century showed mankind an immense potential beyond chemical reactions: the fundamental equivalence of matter and energy, as expressed in the domains of fission, fusion, and matter-antimatter reactions, each with qualitatively higher energy densities.

Control over higher energy densities drives the increase in what Lyndon LaRouche has identified as the energy flux density of the economy, as can be measured by the rate of energy use per person and per unit area of the economy as a whole. As is illustrated in the accompanying articles (“A Call for An International Crash Program: Creating the Fusion Economy” and “Nuclear Agro-Industrial Complexes for NAWAPA XXI”), this increasing power drives qualitative changes throughout the entire society—creating fundamentally new technologies, new resources bases, new levels of living standards, and, actually,

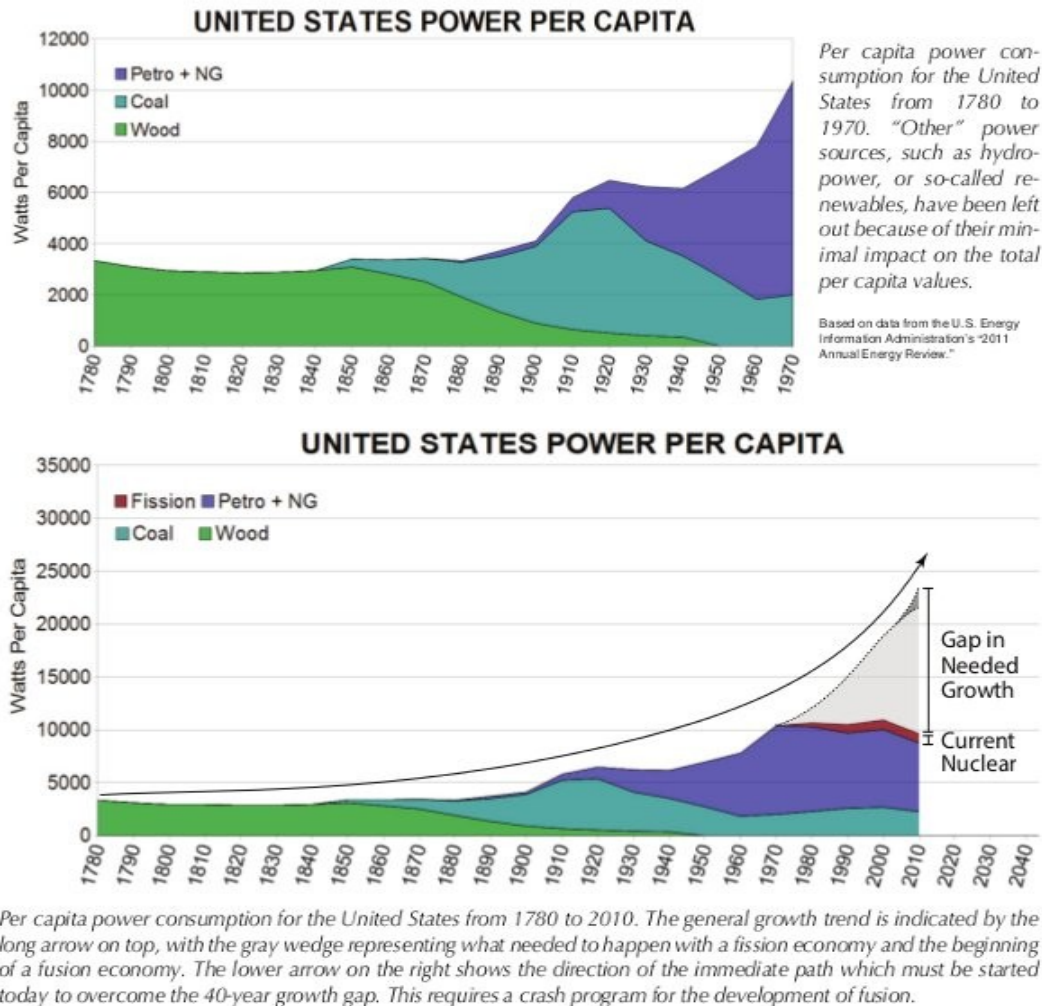
Table I: The Energy Density of Fuels	
FUEL SOURCE	ENERGY DENSITY (J/g)
Combustion of Wood	$1.8 \times 10^4$
Combustion of Coal (Bituminous)	$2.7 \times 10^4$
Combustion of Petroleum (Diesel)	$4.6 \times 10^4$
Combustion of H <sub>2</sub> /O <sub>2</sub>	$1.3 \times 10^4$ (full mass considered)
Combustion of H <sub>2</sub> /O <sub>2</sub>	$1.2 \times 10^5$ (only H <sub>2</sub> mass considered)
Typical Nuclear Fuel	$3.7 \times 10^9$
Direct Fission Energy of U-235	$8.2 \times 10^{10}$
Deuterium-Tritium Fusion	$3.2 \times 10^{11}$
Annihilation of Antimatter	$9.0 \times 10^{13}$
Fuel energy densities. The change from wood to matter-antimatter reactions is so great that progress must be counted in orders of magnitude, and the greatest single leap is seen in the transition from chemical to nuclear processes.	



new economies.

For example, start with the simple rate of biological energy usage for the human body, about 100 watts (as sustained by eating a standard 2,000 calorie diet). Assuming a hypothetical pre-fire civilization in which everything is done by human muscle, the power employed to sustain the “economy”—the power of labor—is only 100 watts per capita. Compare this with the growing per capita power usage throughout the history of the United States. At the time of the nation’s founding, the wood-based economy provided around 3,000 watts per capita, a thirty-fold increase over the muscle power of a fireless society. Then the widespread use of coal throughout the economy increased the power per capita to over 5,000 watts by the 1920s, and the implementation of petroleum and natural gas brought this to over 10,000 watts by 1970—100 times the per capita power of our hypothetical fireless society.

With each succession, the previous fuel base declines as a power source (allowing it to be used for things other than combustion, as wood is used for construction, and petroleum should be used for plastics and related non-combustible products of the petrochemical industry).



Following the post-World War II developments, nuclear fission power was fully capable of sustaining this growth rate into the 21st century. In a conservative estimate based upon previous growth rates and the potentials of nuclear power, this should have brought the U.S. economy to a level in the range of 20,000 watts per capita by some time before the year 2000. (1)

By then, assuming the nation had maintained a pro-growth orientation, as fission power was becoming the dominant power source, the beginnings of applied fusion power should have begun to emerge. With ocean water becoming an effectively limitless fuel source for fusion reactors, the U.S. economy would have been on a path to an energy flux density of around 40,000 watts per capita, and beyond, in the first generation of the 21st century, four times the current value of 10,000 watts. Again, this would not simply be more power for the same economy, but a fundamentally new economy.

However, this natural growth process was halted with the takeover of the anti-progress environmentalist movement, a shift, then, which sent the economy on the direct path into the attritional collapse being experienced, now—a collapse process accelerated by imposing policies which lowered the energy flux density of the economy. (2)

As is clear in the second graph shown, nuclear fission power was never allowed to realize its full potential, and the energy flux density of the economy stagnated and began to collapse.

While the actual implementation of nuclear fission is seen in the red sliver, the role it needed to play is indicated in the gray wedge above, a projected value which keeps with the natural growth rates of a progressing human economy, and includes the beginnings of a fusion economy as well.

The 40-year gap between the needed growth rate and the present levels expresses the source of the current economic breakdown, and demonstrates the immediate need for a crash program to develop and implement the next stage, the fusion economy, to overcome decades of lost time by creating a new economy at a higher level than ever before.

(1) If a serious economic policy had governed the nation following World War II (as was intended by Franklin Roosevelt, but reversed by the presidency of Harry Truman), a higher level could have been reached faster.

(2) This was not some happenstance change, but resulted from the top-down strategic intention of the Anglo-Dutch Empire, whose leaders have been explicitly and openly operating on a policy intention of reducing the world population to less than one billion people. For example, see "Behind London's War Drive: A Policy To Kill Billions," by Nancy Spannaus, EIR, November 18, 2012

#### **IV. ADOPT A FUSION-DRIVER CRASH PROGRAM**

- Canada Should Make Fusion Development A National Priority, Say Scientists, Policymakers
- In Burnaby, BC General Fusion is working on the creation of a prototype magnetized target fusion power plant
- Fusion Energy and A Worldwide Renaissance
- Very Small Modular Reactors could meet the near future energy needs in the Canadian Arctic
- Video : The Fusion Torch
- Video : Status of Fusion Energy Technology

## Canada Should Make Fusion Development a National Priority, Say Scientists, Policymakers

19 January 2014 (LPAC)-Allan Offenberger, professor emeritus of electrical and computer engineering at the University of Alberta, and co-chair of the Alberta/Canada Fusion Energy Program, is worried that Canada will be left behind in the future, when fusion "will change the world and how we look at energy," he told a local Alberta newspaper last week. An article in the Jan 11, *Regina Leader-Post* reports that, following a presentation by Ed Moses, head of Lawrence Livermore's National Ignition Facility (NIF) laser fusion experiment at a forum in Edmonton, it became clear that the U.S., France, and China are moving ahead with laser fusion. There are technologies that Canada could develop to participate in these programs, Offenberger stated.

Offenberger was part of a team that was organized by the Alberta Council of Technologies, which visited eight laboratories in the U.S. Europe, and Asia this past summer. Their report to the government will suggest potential research and commercial opportunities for the province in fusion. Offenberger's hope is that the report will spur action. He specified expertise in materials research, computer research, and nuclear engineering as areas where Canada could make contributions.

Canada was involved in the discussions of the initial partners formulating the design of the ITER international tokamak experiment, but pulled out of the project in 2003. Offenberger is determined to change the situation, and get Canada involved in a national fusion energy program that can contribute to the worldwide efforts in laser and magnetic fusion energy.

Marsha Freeman

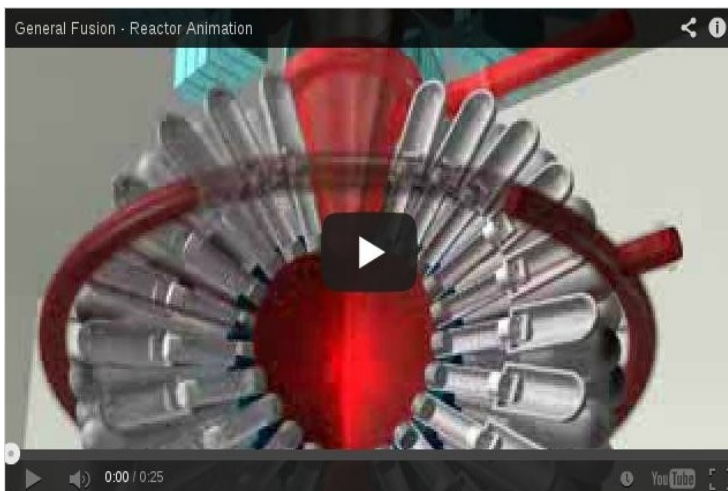
See also: [La Route des lasers™, un modèle pour l'Alberta ?](#)

## In Burnaby, BC General Fusion is working on the creation of a prototype magnetized target fusion power plant

3 October 2013 (CRC)—General Fusion's [website](#) describes its' goal as « *transforming the world's energy supply by developing the fastest, most practical, and lowest cost path to commercial fusion power* ».

The founder, Dr. Michel Laberge realized that Magnetized Target Fusion, with the aid of modern electronics, materials, and advances in plasma physics, could provide a faster, lower cost, and more practical path to fusion power:

*"MTF's advantages stem from its hybrid nature. MTF uses some magnetic field to confine the plasma, allowing for slower compression using mechanical systems. Magnetic fields in MTF are short-lived, avoiding complex plasma sustainment technologies. By comparison, Inertial Confinement's fast compression requires high power lasers. Magnetic Confinement's long plasma life requires massive superconducting magnets, particle beams, and exotic materials."* (source: [generalfusion.com](#)). Canadian Manufacturing wrote a comprehensive article on General Fusion on May 02, 2012 entitled *Canadian firm pursues mechanical approach to fusion energy* ([available here](#)).



Animation:

**Michael Delage of General Fusion will be a panelist at the inaugural Future of Nuclear Conference to be held in Toronto on October 9.**

## Fusion Energy and a Worldwide Renaissance

25 August 2013 (CRC)- Scientific revolutions that propel societies forward occur as a result of a small number of creative individual's commitment to solving as yet unresolved key questions regarding the nature of the universe. It is these pathfinders ability to think the future in a rigorous, scientific manner that can potentially bring about, if we decide politically to do so, a brighter future for the human species as a whole.

The commitment of some hundreds of scientists and engineers involved in research at a small number of Canadian



[plasma physics labs and fusion experimental reactors](#) is an endeavour which necessarily partakes in aspects of this quality of inquiry. These fusion energy researchers are implicitly in accord with the provable notion that the history of human evolution and progress correlates with [increases in energy flux densities](#).

Tableau comparatif	
Combustible de départ	Énergie libérée en gigajoules par tonne
Vent (calculé pour une tonne d'air à 15°C)	0,000 000 000 019
Eau (moulin à eau, roue de 5,2 m de diamètre)	0,000 051
Eau (chute du barrage de Serre-Ponçon, hauteur 123m)	0,0012
Bois (séché à l'air)	15
Charbon	29,3
Pétrole	42
Uranium (dans un réacteur classique)	420 000
Uranium (dans un surgénérateur)	25 200 000
Deutérium-tritium	378 000 000
Rayonnement solaire	Impossible à calculer, le poids des photons étant nul.
<b>Notes :</b> La masse d'un mètre cube d'air à 15°C est de 1,225 kg. Dans tous les cas, il s'agit de l'énergie théoriquement libérée sans compter les pertes dues à la récupération et à la conversion en d'autres formes d'énergie. Le terme « combustible » est employé ici au sens figuré.	

The discovery of new physical principles translates into new technological applications and, eventually, will have a positive transformative impact as society develops a more advanced scientific and technological culture. This progress is measured by the resulting increases in the [potential relative population density](#) per square kilometre. But only a fusion based economy, or what scientists have described as an [isotope economy](#), represents the qualitatively higher economic platform capable of insuring the continuous growth of the world's population which now stands at over 7 billion human beings.

Any so-called green energy source, if applied even on a continental scale, would have the immediate contrary effect of setting into motion higher death rates globally. The intention to achieve genocidal levels of population reduction was stated publicly and unabashedly as policy goals by [leading representatives of the Anglo-Dutch Empire](#): To reduce the world's population from the presently more than 7 billion people to less than 1 billion!

Crimes against humanity, as defined at the post-war Nuremberg trials, are now being committed every day of the year by an imperial banking system applying financial fascism against a majority of nation-states. Only [a global Glass-Steagall](#) system could put an end to such crimes. This is the *sine qua non* condition for any potential economic recovery. This immediate step should be undertaken before September 30th., the end of the U.S. fiscal year, which historically is a period of greater financial turbulence.

To bring about the ultimate defeat of the Anglo-Dutch Empire requires a new Renaissance that will accelerate the unleashing of the powers of mind of those billions who were otherwise slated for genocide.

The historical battles of Plato, Nicholas of Cusa, Gottfried Leibniz, Benjamin Franklin, Ludwig van Beethoven, Marie Curie, Albert Einstein and other leading humanists were not battles circumscribed within the boundaries of one nation or addressed to the particular struggles of their countrymen. They were universal battles, launched to develop the full potential of the creative mind of Man. Such is still the nature of the battle before us.

Let us not lament over lost opportunities, but let us remember the warnings of the republican poet John Milton, who in 1653, in the darkest hours of the Commonwealth, when the English people were about to restore the Stuart Monarchy, wrote in his Second Defence of the People of England:

*"...And I have not circumscribed my defence of liberty within any petty circle around me, but have made it so general and comprehensive, that the justice and the reasonableness of such uncommon occurrences explained and defended, both among my countrymen and among foreigners, and which all good men cannot but approve, may serve to exalt the glory of my country, and to excite the imitation of posterity.*

*"If the conclusion do not answer to the beginning, that is their concern; I have delivered my testimony, I would almost say, have erected a monument, that will not readily be destroyed, to the reality of those singular and mighty achievements, which were above all praise.*

*"As the Epic Poet, who adheres at all to the rules of that species of composition, does not profess to describe the whole life of the hero whom he celebrates, but only some particular action of his life, as the resentment of Achilles at Troy, the return of Ulysses, or the coming of Æneas into Italy; so it will be sufficient, either for my justification or apology, that I have heroically celebrated at least one exploit of my countrymen; I pass by the rest, for who could recite the achievements of a whole people?"*

*"If after such a display of courage and of vigour, you basely relinquish the path of virtue, if you do any thing unworthy of yourselves, posterity will sit in judgment on your conduct. They will see that the foundations were well laid; that the beginning (nay it was more than a beginning) was glorious; but, with deep emotions of concern will they regret, that those were wanting who might have completed the structure.*

*"They will lament that perseverance was not conjoined with such exertions and such virtues. They will see that there was a rich harvest of glory, and an opportunity afforded for the greatest achievements, but that men only were wanting for the execution; while they were not wanting who could rightly counsel, exhort, inspire, and bind an unfading wreath of praise round the brows of the illustrious actors in so glorious a scene."*

Gilles Gervais

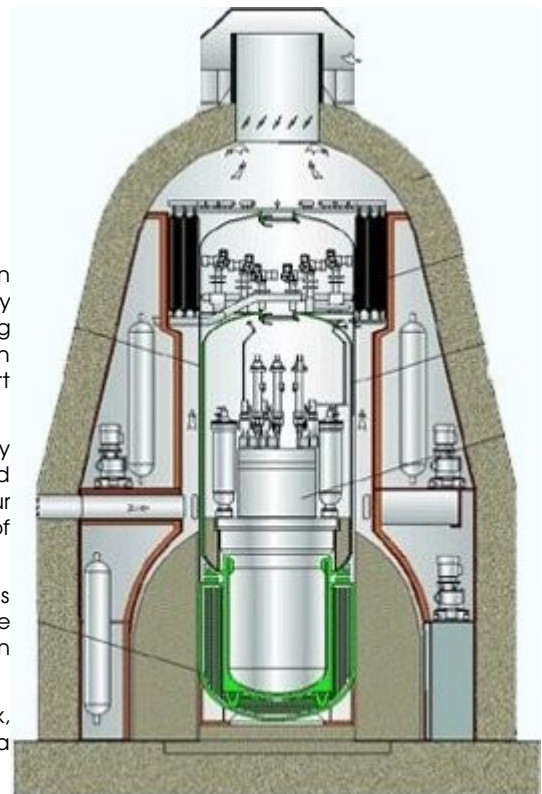
## Very Small Modular Reactors could meet the near future energy needs in the Canadian Arctic

26 April 2013 (CRC)—[Dunedin Energy Systems](#), near Orillia, Ontario, in partnership with Russia's long-established nuclear energy company [Nikiet](#), is proposing to meet the energy needs of remote mining communities in Canada's Far North by replacing costly diesel fuel with a series of small nuclear power plants, reports the May issue of Report on Business magazine.

The Canadian company intends to bring on line a 6 megawatt very small modular reactor (vsmr) within 5 years. The Dunedin VSMR would be very cost advantage with a 20-year \$ 0.30 cent a kilowatt-hour contract compared with today's diesel cost in this ice-bound region of Canada of between 50 cents to \$2.45 a kilowatt-hour.

Jason Unrau of ROB reports Peter Lang, the president of Dunedin as saying that Dunedin handles operation, maintenance and, when the unit is spent, will replace the entire thing—much safer, says Lang, than storing and replacing fuel on-site, not to mention dealing with waste.

The company has approached, among other localities, Inuvik, Northwest Territories, who is interested in the prototype. Here is a [PowerPoint presentation](#) by the company for the town of Inuvik. (GG)



Small Modular Adaptable Reactor Technology

The Dunedin VSMR Reactor

## Video : The Fusion Torch



<http://www.comiterepubliquecanada.ca/article3822.html>

## Status of Fusion Energy technology



<http://www.comiterepubliquecanada.ca/article3615.html>

**LaRouche Addresses Moscow Conference on  
P.G. Kuznetsov & V.I. Vernadsky**

**Prospects for the Preservation of Mankind**  
*By Lyndon LaRouche*

# LaRouche Addresses Moscow Conference on P.G. Kuznetsov & V.I. Vernadsky

30 May 2014 (EIR)-- The auditorium of the Presidium of the Russian Academy of Sciences in Moscow was the venue of the May 29 International Scientific Conference on Problems of the Sustained Development of Mankind in the System "Nature-Society-Man"**(1)**. The event was occasioned by the 90th anniversary, on May 18, of the birth of Pobisk Kuznetsov, the late Russian chemist, philosopher, and engineer, known as the last of the great "general designers" of Soviet postwar economic recovery and scientific development.**(2)** Lyndon LaRouche, on invitation from the conference organizers, presented a video-recorded address to the opening plenary session, which we publish here.

A number of the 80 conference participants had been present at the public dialogue of Kuznetsov and LaRouche on April 28, 1994, which EIR titled, "Russian Scientists: How Did LaRouche Uncover Our Secrets?"**(3)** After Kuznetsov's invitation to LaRouche to make his first trip to Russia, he and LaRouche enjoyed a productive political and scientific dialogue for six years, until Pobisk's death in 2000.

**(1)** The Russian expression that has become the standard translation of "sustainable development" is *ustoychivoye razvitiye*, meaning "stable," "steady," or "sustained" development. The understanding of the term as automatically meaning "limited" development is not generally present for Russian speakers, including scientists, who use it.

**(2)** Pobisk Georgiyevich Kuznetsov's life as "a Russian modern-day Leonardo da Vinci," an independent thinker and a political prisoner, was featured in EIR of Dec. 28, 2001.

**(3)** "LaRouche in Dialogue with Russian Science," full transcript, EIR, June 10, 1994.

[PDF version of this article](#)

## Prospects for the Preservation of Mankind

*By Lyndon LaRouche*

21 May 2014--I am honoured by today's opportunity, which has been provided by Professor Bolshakov and honoured guests. I acknowledge the honour to participate here, on this occasion, in sharing the memory of the 90th Birthday of my departed friend and collaborator of remembered years: Pobisk Kuznetsov. For this opportunity, I am grateful to Professor Bolshakov, and to the invitation of the historically venerable tradition of the Academy of Sciences.

Time is short, so I shall, therefore, come directly to the topic which I recognize and share under the title of the current "Prospects for the Preservation of Mankind."

It is a subject of its own increasing importance for both Russia and the world presently. It is a matter of fresh insights of urgent relevance and absolutely historical importance. It is in honour of scientific progress in the world as a whole, respecting matters now closely at hand. These are matters of both the progress of science, and mankind, alike. They are matters of already immense value: matters to be considered from the standpoint of deepening margins of insights given to me in the course of study of certain crucial implications which I have lately recognized, as deeper insights into what Vladimir Ivanovich Vernadsky had accomplished, both for science, and for mankind's future.

These are matters in his work, which, for me, when considered in a present light, have the relatively greatest future importance for mankind, throughout the planet.

Consequently, for me, today, the emphasis on the work of Vladimir Ivanovich Vernadsky's work in science, is to be located in which I have come to recognize with ever improving insights, has an even deeper relevance in his role as a scientist for the place of mankind's attempts to perfect our insights into the prospects for the future destiny of mankind.

These are not merely measures for the Earth today, but for a deeper insight into the distinction of the future role of the true principle of human life within our Solar system in particular, as well. This requires a deeper insight into the distinction of the quality of the life of the human species, the quality of being absolutely above all other species known to us presently. The work of Vladimir Ivanovich's progress, from during his time as a servant of the truly unique principle of human life, is, therefore, to be placed apart from, and above all presently known other considerations. His work now carries discoverable imports for us today, beyond anything customarily considered by science generally, heretofore.

Therefore, now, the notion of life as occurring within time, is implicitly, to be recognized as an essential emphasis, that the meaning of time is to be located, actually, not in time as such, but, rather, as the measure of time within the bounds of the authority of the most unique, and most efficient principle of progress presently available, respecting the knowledge and practice of science by human life in itself.

The urgent matter immediately before us, is that of the present follies among the nations, errors which must be corrected by a proper order in the cooperation of the willing nations immediately among us. In brief, we must act to end war as a global institution, an institution which must soon become, itself, relegated effectively to the past.

We now face the reality of the presently rising threats of a global potential which menaces our planet with the threats of thermonuclear warfare's capability to bring about the summary extinction of the human species, demands that we lift our



passions above the notions of massed warfare. We should have recognized, and overcome such warfare in earlier times. To accomplish that purpose, a new order among sovereign nations, ending the influence of modern oligarchical empires in the Zeus tradition, is presently a virtually immediate precondition for the continuation of human existence itself. The work of Vladimir Ivanovich, when suitably considered by actually qualified scientists in these subject-matters, must be presently re-considered with the greatest regard for relevance, and, therefore, must be considered from a retrospective view of the imperfections of previous customs. What is wanted presently, is a prescience which reaches into beyond the ordinary notions of past experiences respecting the ordinary past notions of our Solar system.

Now, instead of mere notions of "space and time," the fact of the inherent immortality expressed by the very fact of successively progressive generations of the human mind, as such, shows that there is no proper solution to be found within the bounds of the behaviour within the animal kingdom, but only the creative powers of mankind which no lower form of life could express.

Time and space, have been often presumed among mankind, mistakenly, as to be the combination of separated qualities of time-plus-space. These were qualities which were often mistakenly presumed to contain mankind and the human mind as separated factors in the human existence.

Instead of the still commonplace error, the human mind, as Vladimir Ivanovich had come to understand it, is unknown among the lower forms of life; it is not separated by the still popular, but foolish notions of time plus space. The notion of merely animal space and time, as containing the actions specific to the human mind, is a delusion; when pursued by mankind, it becomes a fraud against the noetic powers, the uniquely human creative powers which are uniquely specific to those human powers which are absent from the merely animal mind.

It is the increase of the productive powers unique to productive human labour, as rejecting notions of separated qualities of time and space, which defies the great folly commonly experienced among the nations presently, as Vladimir Ivanovich had warned. The principle of the chemistry upon which the practice of life as such depends, lies, essentially, in the upward evolutionary development of the human species, like no other known species. It, thus, subordinates space and time to advances in the powers of human labour, as he had presented that great principle unique to humanity.

The separation of space from time, is, therefore, a notion rooted tending toward human bestiality, as Vladimir Ivanovich had shown.

It is the uniquely noetic powers of the human mind, as, uniquely within itself, which must dominate the behavioural abilities of all forms of life on this planet, according to the uniquely noetic powers of will of the human species. That means the wilful power of increase of the energy-flux density of the human species' power to effect the revolutionary development of the Earth's characteristics within the Solar system.



*EIRNS-Pobisk G. Kuznetsov, center, with Lyndon LaRouche, right, in Russia, April 1994.*

That truth of the matter of science, is directly contrary, to the wicked doctrines of such as both the foolish David Hilbert of the year 1900, and what the satanic Bertrand Russell introduced into the Twentieth Century. Both of them had excluded, the principle of chemistry (i.e., of life) from Twentieth Century and later notions of economy. This doctrine of Hilbert and Russell, has been, in fact, the principal source of the actual collapse of the economy of both the United States and western Europe, since the assassination of President John F. Kennedy, and since the pro-Satanic, "Environmentalism" destruction of the economies of the trans-Atlantic sector of this planet, relative to present, Eurasian progressive trends toward developments in important, major sectors of Eurasia, presently.

So, instead of the error of space and time, as such, the fact of the inherent immortality expressed by the very fact of the successive generations of the human mind, finds no proper comparison with the mere animal kingdom as such. Time and space, as merely imagined by much pitifully misguided, modern current popular opinion, misleads the still credulous into treating the human mind as a mere subject of the domain of dead and living matter merely combined. Thus, merely animal space, finds no proper comparison with the actual meaning of the human mind; in fact, there is no coincidence between the "animal kingdom," as such, and those intrinsically noetic (i.e., creative) powers of the human mind which had been indicated by Vladimir Ivanovich.

Vladimir Ivanovich's notion of the acting human will's noetic shaping of the progress of life on Earth and beyond, thus defines the relationships of time and space within the bounds of the process of noetic achievements expressed in the terms of its subordinate implications of space and time occurring under the existence of mankind. Thus, his distinction of that true principle of human time, as distinct from the notion of animal time otherwise, is a principle of human life, which carries imports beyond anything customarily considered otherwise, especially respecting the unique role of man in creating true science.

### **- The Issue of War -**

Now, our subject matter, must be slightly shifted in emphasis. Now, the matter is, that, once we had brought the present follies of the nations into an urgently needed, immediate order among them: war as an institution must be fast relegated to the past, not by force, but by the authority of the informed mind and practice of mankind.

Thus, the reality of the presently rising threats of a thermonuclear capability for extermination warfare, planet-wide, requires that we lift our spirits and passions above the notions of massed warfare dominant during earlier times.

The work of Vladimir Ivanovich, when suitably considered by actually qualified scientists in these subject matters, must be presently re-examined with the most vigorous search for relevance and attention. We need a retrospective insight into the imperfections of previous notions of evidence. There must be a powerfully fresh kind of view of universal relevance, beyond the merely conventional meaning of the name of "universal principle;" this time, we must be informed by what "human" represents, when taken beyond the common past, but commonly mistaken, notions of the bounds of our Solar system.

Now, instead of space and time, as such, the fact of the inherent immortality expressed by the very fact of the successive generations of the successively progressive developments of the human mind, finds no proper comparison with the animal kingdom as such. Time and space, in animal space, have no expression comparable to that which had been identified, scientifically, as the intrinsically biologically noetic, evolutionary characteristics, associated with imperative of perpetual human scientific progress. All species of life, excepting human life, will, ultimately, come and pass, in no other way than as man either maintains them, or does not, that according to what mankind adopts as their assigned mission within the universe.

Mankind is, therefore, for us, properly a truly immortal species, whose essential, existential expression is what we call human progress, or named, justly so, as the right of each child of a parent to seek a better quality of universe than each might have otherwise achieved. We live, and we die, but we wish the kind of scientific and kindred modes of practice, in which, each generation, if it were freed to do so, can be the incarnation of what had not been achieved, both by, and as mankind, earlier or otherwise, provided that the organization of society is composed according to the actually noetic principles properly incarnate in the progressive development to higher levels of creative human achievement, imparted to higher forms of expression within our universe.

Mankind is not merely a living creature. On the contrary, as I have recognized, implicitly, as from the work of Vladimir Ivanovich, that man transcends all other categories of known forms of life, absolutely. The truth lies, not in the notion of the passage of time as such, but only in the uniquely superior, universal principle of the active principle of human life as such.

### **- The Greatest Threat to Mankind -**

The currently most essential threat to mankind as a species, is what is called the "reductionist," or "green" principle of so-called "Zero energy."

Notably, at the beginning of the so-called Twentieth Century, there were, as I have said here earlier, there were evil prophets in so-called "modern science."

The first which I mention here, in order, came in the year 1900: France's foolish David Hilbert, who proposed, then, in Paris, to eliminate "the necessity" for physical science, and its replacement by mere arithmetic. A decade or so later, the British Empire's virtual child of Satan himself, Bertrand Russell, had launched a sort of "total war" against science, and humanity alike, a hatred substituting a total sort of war against actual science, substituting the dead souls of mere arithmetic, as was by him, since his war against science during the 1920s. This had been done by him, for the stated purpose of the suppression, even the termination, of, both actually physical science, and even the reversal of human scientific progress.

Consequently, since about the time of the ouster of Germany's Chancellor Bismarck, who had been the peacemaker among Germany, Russia, Austro-Hungary, and others, a sudden seizure of acute moral decadence had been unleashed, chiefly, by the British Empire. The assassination of France's President Carnot, had been the first major step toward the launching of what would actually become "World War One" globally, as continued, for a relatively mere moment, until the temporary suspension of general warfare after the farce known as "Versailles."

So, since about the beginning of the Twentieth Century, a moral decadence has radiated throughout most of the planet, radiating chiefly from a then freshly enlarged British Empire, which has continued to curse the welfare of the planet generally, leading into a presently renewed and continued warfare, radiating world-widely, from that British Empire, up through the present date.

The lesson urgently to be learned is that now, now, the presently accelerating decline of the Americas, Western Europe, Africa, and the Middle East, since the world-warfare of the 1890s up through the present time, had become the immediate result, definitively for the Americas since the assassinations of U.S. President John F. Kennedy his brother, the Robert Kennedy assassinated a day before his nomination for President of the United States.



Since the beginning of the 1970s, the U.S. physical economy has been in a predominating trend of a still accelerating collapse, especially since the definitive monetary crisis of 1972 and its Anglo-American reflections. At the same time, a trend of moral and economic decline of the physical-economic and moral qualities of the nations of the trans-Atlantic region, has been a continued trend of physical-economic and social collapse, still, to the present date.

Now, also, there is the presently accelerating decline of the combined regions of western Europe, Africa, regions of the Near East, and the Americas as a whole. Thus, since the beginning of the Twentieth Century, there has been a moral, and subsequently economic decline over the trans-Atlantic region as a whole, which becomes clear when that is considered from earlier than 1900 to the present date. In fact, it is my knowledge, that only relevant improvements in the choice of the presently incumbent President of the United States, were likely to reverse a presently threatened, early "Bail-In" collapse throughout the trans-Atlantic region (and, implicitly beyond that area).

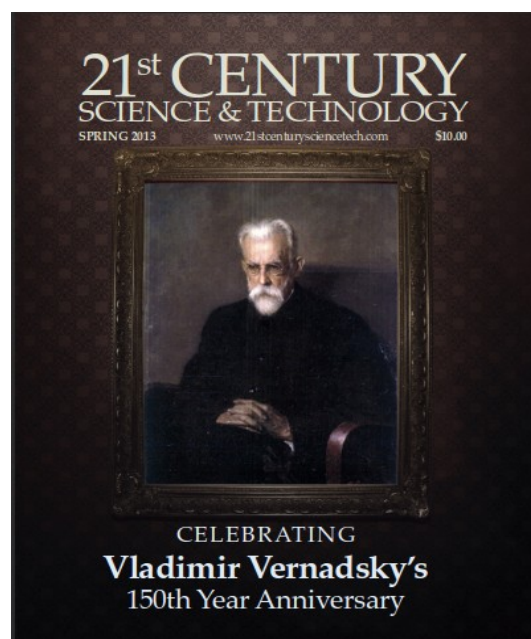
Certain necessarily immediate, and systemic remedies in the nature of return to the original Constitution of the United States, could reverse the presently imminent general collapse of the economies of the entire trans-Atlantic regions. Otherwise, the situation of the trans-Atlantic region were catastrophic, virtually globally, and very nearby in time.

It is my best knowledge, that only relevant transformations in the leadership of the U.S. Government itself, could prevent a now impending general "Bail-in" financial collapse, now underway, of the trans-Atlantic and related sectors. Relevant, immediate improvements in the U.S. Presidency itself, could curb that danger to the entire trans-Atlantic region, if they were willing. My own public stated expert report on the relevant principles for the U.S. Government presently, would be a key to a needed solution, if the British Empire's Zeusian grip were removed.

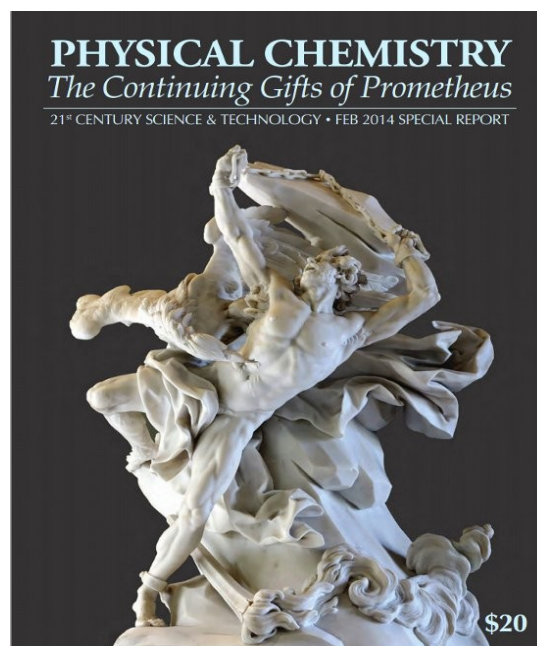
If my proposed, actually presently publicized options for change to improvements, were to be taken up, a physical-economic recovery of the planetary economy is presently feasible among cooperating nations, even if the progress were, regrettably, initially slow.

Our intention must be that an immortal human species must recover its true mission, and live on, so, presently.

No ordinary time, but Vladimir Ivanovich's own definition of our human species's life as the only true measure human life, must live on for mankind's destiny as an implicitly immortal species, as a representative of an immortal species extending its influence, from Earth, beyond menacing asteroids, throughout our Solar system, and, perhaps beyond, a destiny named humanity.



[http://www.21stcenturysciencetech.com/highlights/Spring\\_2013](http://www.21stcenturysciencetech.com/highlights/Spring_2013).



<http://www.comiterepubliquecanada.ca/article4332.html>

# **APPENDIX**

## **STRATEGIC SHOWDOWN: NATION-STATES vs EMPIRE**

- President Putin Plans a BRICS 'Energy Association' Including a Nuclear Fuel Bank
- BRICS Summit Issues Fortaleza Declaration:  
the New Development Bank and Contingent Reserve Arrangement Are Born
- China and Argentina: A New Global Financial System Is Needed
- Brazil's President: Great Nations Require Scientific and Technological Independence
- Urgent Appeal to the Governments of Europe:  
Do You Support Argentina or the Criminal Speculators?  
*By Helga Zepp-LaRouche*
- Guyana Urges Return to Glass-Steagall at Historic OAS Meeting:  
Argentina Wins Strong Backing in its War Against the Vulture Funds

## **APPEAL FOR A GLOBAL GLASS-STEAGALL NOW!**

# President Putin Plans a BRICS 'Energy Association' Including a Nuclear Fuel Bank

23 July (LPAC)—During the BRICS Summit last week in Brazil, Russian President Putin announced that there are plans to establish a BRICS "energy association," which will include a nuclear fuel reserve bank, and an energy policy institute. This ground-breaking international initiative follows on the heels of broad-ranging bilateral Russian nuclear energy agreements concluded with Argentina and with Brazil the week of the summit. A Russia/BRICS nuclear fuel bank has the potential to loosen the stranglehold that the Bertrand Russell-spawned non-proliferation mafia has held on nuclear power in developing nations for decades. The concept itself is not new, and it is not the first time Russia has proposed it. But in the new political geometry of the BRICS, it is potentially an enabling mechanism, along with the new bank for infrastructure investment, for the large-scale deployment of nuclear technology globally.

In 2004, disturbed by the political control the U.S., in particular, had over the availability of nuclear power, and on-going dust-ups with North Korea and Iran, Dr. Mohamed ElBaradei, then head of the International Atomic Energy Agency, established a task force to come up with options for making nuclear energy available, "without being subject to extraneous political considerations." Although the IAEA would try to get new nuclear countries to fore-go uranium enrichment and reprocessing, ElBaradei stressed that any proposal "should not alter the right of any State to take its own decision regarding its nuclear fuel cycle," providing it adheres to the IAEA regulations.

Two years later, President Putin proposed setting up an international uranium enrichment and nuclear fuel centre in eastern Siberia, to break the deadlock in the Iranian nuclear dispute, by offering to host all of Iran's uranium enrichment—Iran would own the fuel, but Russia would hold for Iran in the Russian factory. Not surprisingly, U.S. opposition meant the proposal never went anywhere, in terms of solving the Iran situation, or more broadly.

Today, three-quarters of the nuclear power plants that are under construction around the world are being built in the BRICS nations. Taking the control of commerce and availability of nuclear technology away from the dying trans-Atlantic system, and providing necessary project funding, will lead to a global break-out of nuclear development.

And there is a warning that the sanctions against Russia under consideration by the European nations could have a serious impact on the operating of even Europe's dwindling nuclear capacity. [BBC economics correspondent Andrew Walker outlined](#) in an article yesterday, how more sanctions from Europe could cripple what is still standing of Europe's nuclear power capacity, should the Russians retaliate. It's not only oil and gas that are exported from Russia to Europe, but also uranium (18%), enriched uranium for nuclear fuel (30%), and the care of the 18 Russian-built nuclear plants that are operating in Europe. A number of countries in Europe—France, Slovakia, and Hungary, for example—obtain half or more of their electricity from nuclear plants. "There are plenty of reasons for EU countries to be wary about tighter sanctions against Russia. The need for nuclear supplies is only one of them," Walker concludes.

Marsha Freeman

## BRICS Summit Issues Fortaleza Declaration: the New Development Bank and Contingent Reserve Arrangement Are Born

16 July (EIRNS)—The heads of State of the BRICS nations (Brazil, Russia, India, China, and South Africa), meeting today in Fortaleza, Brazil, for the VI BRICS Summit, issued a lengthy 72-point *Fortaleza Declaration* which includes the historic announcement that they agreed to form the New Development Bank (NDB) to fund infrastructure and other development projects in BRICS and other developing economies, and that it would be headquartered in Shanghai, China, with the first (rotating) Presidency held by India. The NDB will be initially capitalized to \$50 billion, with equal contributions from each of the five countries.

The [Fortaleza Declaration](#) also announced the establishment of the BRICS Contingent Reserve Arrangement (CRA), with an initial size of \$100 billion, to "help countries forestall short-term liquidity pressures."

The relevant three paragraphs read:

"11. BRICS, as well as other EMDCs (*Emerging market economies and developing countries*), continue to face significant financing constraints to address infrastructure gaps and sustainable development needs. With this in mind, we are pleased to announce the signing of the Agreement establishing the *New Development Bank* (NDB), with the purpose of mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging and developing economies. We appreciate the work undertaken by our Finance Ministers. Based on sound banking principles, the NDB will strengthen the cooperation among our countries and will supplement the efforts of multilateral and regional financial institutions for global development, thus contributing to our collective commitments for achieving the goal of strong, sustainable and balanced growth.

"12. The Bank shall have an initial authorized capital of US\$ 100 billion. The initial subscribed capital shall be of US\$ 50 billion, equally shared among founding members. The first chair of the Board of Governors shall be from Russia. The first chair of

the Board of Directors shall be from Brazil. The first President of the Bank shall be from India. The headquarters of the Bank shall be located in Shanghai. The New Development Bank Africa Regional Centre shall be established in South Africa concurrently with the headquarters. We direct our Finance Ministers to work out the modalities for its operationalization.



**Russia president Vladimir Putin, India prime-minister Narendra Modi, Brazil president Dilma Rousseff, China president Xi Jinping and South African president Jacob Zuma**

"13. We are pleased to announce the signing of the Treaty for the establishment of the BRICS *Contingent Reserve Arrangement* (CRA) with an initial size of US\$ 100 billion. This arrangement will have a positive precautionary effect, help countries

forestall short-term liquidity pressures, promote further BRICS cooperation, strengthen the global financial safety net and complement existing international arrangements. We appreciate the work undertaken by our Finance Ministers and Central Bank Governors. The Agreement is a framework for the provision of liquidity through currency swaps in response to actual or potential short-term balance of payments pressures."

Elsewhere, the Fortaleza Declaration criticizes the IMF's unresponsiveness to the economic crisis, and states: "We call for an international financial architecture that is more conducive to overcoming development challenges. We have been very active in improving the international financial architecture through our multilateral coordination and through our financial cooperation initiatives, which will, in a complementary manner, increase the diversity and availability of resources for promoting development and ensuring stability in the global economy." But the document also notes that "We will continue to pursue our fruitful coordination and to promote our development goals within the international economic system and financial architecture."

The Declaration also has a strong condemnation of unilateral military interventions and economic sanctions:

"27. We stress our commitment to the sustainable and peaceful settlement of disputes, according to the principles and purposes of the UN Charter. We condemn unilateral military interventions and economic sanctions in violation of international law and universally recognized norms of international relations. Bearing this in mind, we emphasize the unique importance of the indivisible nature of security, and that no State should strengthen its security at the expense of the security of others."

But the Fortaleza Declaration also shows clear signs of being a "consensus document," endorsing the idea of "sustainable development" and the use of "renewable energy sources." Curiously, it nowhere promotes the use of nuclear energy (other than to defend Iran's "inalienable right to the peaceful use of nuclear energy"), despite the fact that extensive deals involving nuclear power have been at the centre of much of the bilateral diplomacy of the five BRICS nations, leading into and out of the Fortaleza summit.

# China and Argentina: A New Global Financial System Is Needed

21 July 2014 (LPAC)—During his visit Saturday morning to the Argentine Congress, as part of his state visit to the country, Chinese President Xi Jinping told gathered legislators that the relations between the two nations were at a "historic take-off point." Their's was not just a bilateral relationship, but a comprehensive strategic one, he said, in which he and Argentine President Cristina Fernández de Kirchner share similar views on such crucial issues as reforming the global financial system.

In the press conference held after their July 18 bilateral meeting, both heads of state referenced this point. During that meeting, Xinhua reported, President Xi suggested that the two governments strengthen their communication and coordination on such major issues as the "reform of the international economic and financial system," defend the rights of developing countries, and push for a more "equitable and reasonable" world order. He made a multi-point proposal, saying that both nations should further deepen mutual political trust, and support each other's independent choice of development path.

The Chinese President also expressed his support for Argentina in its battle against the vulture funds. Urging respect for the existing agreement with restructured bondholders, he said: "China supports Argentina in the restructuring of its debt."

In her July 18 remarks, President Fernández stated that, "China is helping to rearrange (the global geometry) so that countries such as those of us who met in Brasilia, at the CELAC meeting, may have new and better opportunities.... A world in which some dominate others, and exist at the expense of others, isn't going to be possible. Cooperation and 'win-to-win,' in which we all win, must be the centrepiece of a new global model, and in this we are absolutely in agreement with the Peoples' Republic of China."

China and Argentina have a common "vision regarding international problems" as well, she added. "We've had similar positions at the last G-20 meeting, on the Syria issue ... on Ukraine, in which we said that countries must solve their problems without foreign interference. But fundamentally, both nations have a view that each country must define its own model of development without any type of interference. You (China) have had the enormous determination to define your own model of development to guarantee the prosperity of millions of Chinese...."

President Fernández highlighted the importance of the \$11 billion currency swap offered by China, which, she said, "(will allow for) exchange rate stability at a time when we are under speculative attack ... which frequently cause currency fluctuations, and make the world very insecure and very unstable in financial terms, and thus not conducive to the development of trade, and certainly not to the prosperity of nations...."

## Brazil's President: Great Nations Require Scientific and Technological Independence

15 July 2014 (LPAC)—After meeting with Russian President Vladimir Putin in Brasilia today, Brazil's President Dilma Rousseff summarized their discussions and the agreements reached, in a joint press conference. One statement best captures the spirit of their meeting, and of the historic BRICS Summit which opens on Tuesday in Brasilia: "Our countries are among the largest in the world, and they cannot be content, in the midst of the 21st century, with any kind of dependency," Rousseff said. "Recent events demonstrate that it is essential that we seek for ourselves our scientific and technological autonomy."

The President said this, "without directly mentioning the U.S. spying scandal," Brazil's official press agency, *Agencia Brasil*, drily noted.

Such is the new paradigm sweeping the world: Nations are joining together to defend their right to pursue and secure scientific and technological progress for their people; globalization be damned!

The BRICS — Brazil, Russia, India, China and South Africa — together represent 43% of the world's population and cover 30% of the planet's territory, located in three continents. The Russian and Brazilian presidents discussed the advances in cooperation they wished to see come out of the BRICS summit, on the economic front and in general towards changing current international relations towards a more just and peaceful world order. They also agreed to discuss with their regional partners, the perspectives for economic cooperation between the South American Common Market countries and the Eurasian Economic Union.

As for bilateral matters: Trade between Brazil and Russia has more than doubled since President Putin first visited Brazil in 2004, and an agreement was signed to work towards nearly double trade between their two countries, to \$10 billion a year.

"Our partnership is not limited to commercial exchanges," Rousseff said, however. "We stressed the importance of cooperation in defence and the peaceful use of nuclear energy."

Among the seven bilateral agreements signed by the two Presidents was an anti-air defence (under which Brazilian military will participate with Russian military in the use of Russia's Pantsir-S1 surface-to-air defense system, which the Brazilians are interested in purchasing) and an agreement to expand facilities for Russia's GLONASS satellite navigation system in Brazil.

# Urgent Appeal to the Governments of Europe: Do You Support Argentina or the Criminal Speculators?

*The following appeal was issued on July 1 by the [Schiller Institute](#), and is being circulated by LaRouche-affiliated associations internationally.*

A battle to the death is ongoing between Argentina and two of the most notorious hedge funds, NML Capital and Aurelius Capital Management, and its outcome will determine whether humanity plunges into disaster and probably annihilates itself in a thermonuclear world war, or whether we get our act together in time and put a new, just world economic order on the agenda.

What is going on?

On the one side, are the unscrupulous mega-speculators, whose greed is insatiable, and who are part of the Anglo-American-dominated imperialist grouping, those attempting to establish a world empire. Part of this is the 24/7 spying on citizens by the NSA and the GCHQ, as well as the Transatlantic Trade and Investment Partnership (TTIP), which would give all power to the multinationals and the "Too Big To Fail" banks, at the expense of the right of sovereign governments to protect the general welfare of their citizens. It also includes the eastward expansion of NATO and the EU, the strategy of encirclement of Russia and China, and the acute danger of a third, thermonuclear world war, which could wipe out the human race.



**Helga Zepp-LaRouche**

One of the hedge funds, NML Capital Fund, is demanding a payment of \$832 million on the bonds it purchased in default at the scrap price of \$48.7 million only six years ago — a profit of 1,608%! That would force Argentina into bankruptcy, and could very well trigger a systemic crisis of the global financial system.

On the other side stands Argentina, which has emphasized and proven that it wants to pay its debts, but in such a way that the Argentine economy maintains the growth needed to be able to do that. This was also, by the way, the argument by the late Deutsche Bank chairman Hermann Abs at the London Debt Conference in 1953, on the subject of restructuring the German debt. Argentina has made it clear in an international advertising campaign, that it is paying and will continue to pay, but under conditions that do not kill off its own population and economy. The murderous ruling by the U.S. Supreme Court in support of the hedge funds has triggered an unprecedented wave of solidarity with Argentina: the Organization of American States (OAS) — except for the United States and Canada; the G77, with its 133 member states; MERCOSUR (the Southern Common Market); UNASUR (the Union of South American Nations); China, Russia, France, and even 100+ British parliamentarians — i.e., the majority of mankind — are all defending Argentina's rights against the usurers. The crucial question here is: Is international law, as it evolved from the Peace of Westphalia in 1648, and as expressed in the UN Charter, still valid, or not? Can and must a sovereign government defend the general welfare of its citizens, or do criminal speculators have the right to use all means, as Shakespeare depicted so vividly in "The Merchant of Venice," to demand the debtor's "pound of flesh," even if that means that the person dies?

There is a breathtaking process underway now among the BRICS countries (Russia, China, India, Brazil, South Africa) and Ibero-America, in which these States are constructing a new, just world economic order, based on building up the real economy, scientific and technological progress, and a vision of the future. This is the idea of a World Land-Bridge that will join peoples and nations: The program that the Civil Rights Solidarity Movement (BüSo) in Germany, as well as its sister organizations elsewhere in Europe (Movisol in Italy, S & P in France; EAP in Sweden, Schiller Institute in Denmark, etc.) have been working on for years is now on the agenda. That is a perspective for the future, and thus provides the framework for ending wars as a means of conflict resolution.

The only thing that the trans-Atlantic camp has to offer is the sacrifice of the common good, of the happiness and the life of its people, in favour of a Frankenstein monster, "the stability of the market," to which anything and everything should be sacrificed, but which is itself hopelessly bankrupt. This system does exactly what Pope Francis says: It kills. You could also call it satanic.

In the struggle between Argentina and the hedge funds, there is no middle ground. Which side are the European governments on? We want an answer! We want official statements! Now!

*Helga Zepp-LaRouche*

June-July 2014



## Guyana Urges Return to Glass-Steagall at Historic OAS Meeting: Argentina Wins Strong Backing in its War Against the Vulture Funds

4 July 2014 (LPAC)—The Minister of Transport and Water Works of Guyana, Robeson Benn, speaking in his capacity as Guayana's Acting Foreign Minister at the hastily-called Meeting of Consultation of Ministers of Foreign Affairs of the [Organization of American States \(OAS\) in Washington, D.C., Thursday](#), changed history by calling for a broad discussion across the Americas on Franklin Roosevelt's 1933 Glass-Steagall law, and urging American legislators to reinstate the bill, since its revocation in 1999 had created the usurious speculative system which today is trying to destroy Argentina along with many other countries.

Benn invoked the idea presented by Malaysian former Prime Minister Mahathir, that "the international financial system and policy should revolve around the issue of not begging your neighbour, but prospering your neighbour." He then continued:

*"I would like to pose the question, perhaps, as to whether we should not, out of this imbroglio, re-look at the overall question of the repeal of the Glass-Steagall Act in 1999 in the United States, which related to the activity of the banking system, the international financial institutions, mainly resident in the United States and in the United Kingdom. President Roosevelt, of the United States of America, established a banking act, signed off on the Banking Act of 1933, which set up firewalls between the activities of the banks, and on the questions of speculation in the financial system. There is, perhaps, the need now to take a look at putting back in place important sections of the Glass-Steagall Act which was repealed in 1999."*

"And," Benn continued, "we know the devastation, the dislocations in the United States economy in 2008, had even more devastating, dislocating effects in the world financial system. So we need to perhaps review the question, or call upon U.S. legislators to pursue efforts to put back in place the type of regulation in the banking system which would prevent vulture funds, which would prevent this response whereby there is this form which I call the term 'modern day piracy,' modern day piracy which has serious implications for the world economy and, particularly now in the case of Argentina, a very significant country in Latin America, severe implications for its economy and which would create a cascading effect in Latin America, and Central America, and elsewhere."

Benn concluded: "Guyana stands in solidarity with Argentina in rejecting and condemning the actions of vulture funds that put in jeopardy progress made by these countries... The dilemma of the Argentine people and government resonates with all developing countries. It is the moral responsibility of all stakeholders, including the American people and their government, to ensure that countries such as Argentina, which has made significant strides in improving their debt situation, (not have to adopt measures) which threaten the progress that has been achieved."

Benn's was the final speech given before a vote was taken at the OAS meeting, in which the vast majority of the nations present delivered a standing ovation in favor of a resolution supporting Argentina's efforts to reach "fair, equitable and legal arrangements with 100% of its creditors," and expressed "its full support to achieving a solution that seeks to facilitate the broad Argentine sovereign debt process." This declaration was passed over "no" votes from two countries: Canada and the United States, which insisted on the placement of a footnote on the document stating: "The United States cannot support this declaration, and notes that the issue remains in the judicial process in the United States."

Despite the ham-handed sophistry of the U.S. argument, regional solidarity with Argentina ran strong from the outset of the meeting, with many foreign ministers speaking fervently of the need to defend human beings, over finance. Most referred angrily to the "vulture funds," although the final declaration does not use that phrase.

Notable was Venezuelan Foreign Minister Elias Jaua, who dramatically began his remarks by reading the opening paragraphs of a letter denouncing gunboat diplomacy to collect on debts, which he then informed the gathering was from the famous Dec. 29, 1902 letter written by Argentina's Foreign Minister Luis Maria Drago, to his ambassador in the United States, in which he denounced the ongoing 1902 blockade of Venezuelan ports by German, Italian, and British gunships, in an effort to collect their debt. This became known as the Drago Doctrine, which established the principle that no creditor can collect a debt at the expense of the existence, sovereignty, and independence of a nation, citing "the famous Hamilton" that contracts between a nation and particular individuals "cannot be the object of compulsory force." Drago later described his Doctrine as the ["financial corollary of the Monroe Doctrine."](#)

Venezuelan Foreign Minister Jaua explained: "That letter (by Drago) became a doctrine which established the principle that no sovereign State can be forcibly required to pay a debt, let alone be embargoed... That is why we have supported Argentina and will continue to support it in its legitimate claim over the sovereignty of the Malvinas Islands... That is why, 112 years after that letter of the worthy Foreign Minister Drago, we have come in the name of our Government and our people to say that Argentina cannot be compelled to pay under unacceptable conditions a debt which is immoral and has clear elements of illegality... What today is happening to Argentina will happen to every one of us... Ministers, let us do more than issue a call. Let us set ourselves the pressing task of redesigning the international financial economic system."

After the resolution was passed by the overwhelming majority of the OAS body, Argentine Foreign Minister Jacobo Timerman—who had opened the deliberations with a strong presentation, along with one by Economics Minister Axel Kicilloff on the basic issues involved in the vulture fund assault—concluded the meeting by stating his appreciation for the solidarity, "regretting" the no votes issued by the United States and Canada, and vowing that Argentina would enter its Monday negotiations with the vulture funds in some "luxurious office in New York City" armed with the knowledge that "we are not alone." That is not because we will be accompanied by the solidarity expressed here, Timerman stated, although that is also true, but because we will be recalling the ghosts, the faces of all of the victims of the vulture funds in nations around the world.

**APPEAL FOR A GLOBAL GLASS-STEAGALL NOW!**

# Appeal for a Global Glass-Steagall Now!

*This appeal is aimed at creating the conditions for an urgently needed revival of the physical economies of nations around the world, by promoting mutually beneficial economic relations between the Trans-Atlantic region and Eurasia. We are convinced that only with such an approach can the necessary resources for future generations be secured, and the present plunge towards world war be stopped*

1. **All nations of the Trans-Atlantic region** must enact a law which would separate commercial banks from investment/speculative banking entities, based upon Franklin D. Roosevelt's Glass-Steagall bill of June 16th, 1933. Up until the beginning of the 1980's, the principles of Roosevelt's reform were in place in most nations, in the form of strict regulation, and ensured that the banking sector mainly took on the character of commercial banks, and access to private accounts for risky speculative operations was impossible.

As things stood before Glass-Steagall was dismantled in 1999 through the Gramm-Leach-Bliley Act, commercial banks must once again be completely separated from both investment banks and the insurance sector.

2. Commercial banks must be put under government protection, whilst the investment banks put their books in order without any help from taxpayers' money, which in practice means that toxic paper must be written off in the trillions, even if this leads to the insolvency of the banks themselves.

3. A National Banking system in the tradition of Alexander Hamilton, within the framework of a new Credit System, must provide long-term credit with low interest rates for productive investments, which would in turn increase the productivity of the economy by promoting an increase in energy-flux density, and in scientific and technological progress.

4. The reconstruction of the real economy should be facilitated through long-term treaties of cooperation between sovereign nation-states, which would launch well-defined infrastructure and development projects in the context of the Mediterranean and North-american plan for an Economic Miracle, seen as a necessary extension of the Eurasian Land-Bridge. These contracts represent a de facto new credit system, a New Bretton Woods system, in the tradition of Franklin D. Roosevelt.

The purpose of re-enacting Glass-Steagall and implementing a Credit System is by no means only an improvement of technical details in banking, but rather, how the economy can ensure the survival of humanity over a period spanning many generations into the future, whilst increasing the productive powers from one generation to another. Human beings must once again be at the center, and the very purpose, of economics.

We, the undersigned, direct our urgent appeal to governments and parliaments, that they fulfill their constitutional duty and protect the general welfare of the populations they represent, by immediately enacting Glass-Steagall banking separation into law.

I support this Call for a Global Glass-Steagall

First Name \_\_\_\_\_

Last Name \_\_\_\_\_

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Organization \_\_\_\_\_

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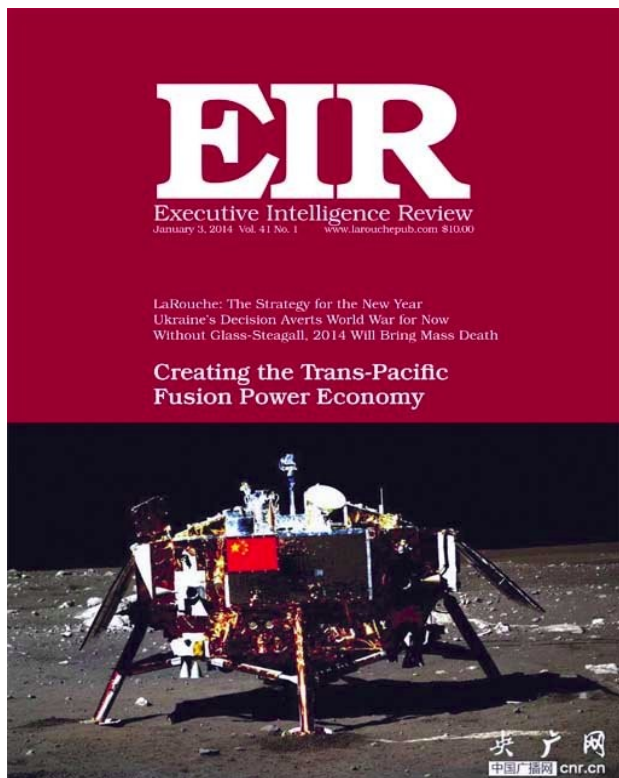
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