



## ECONOMIES AND MARKETS CRASHING: LAROCHE'S POLICY MUST GO THROUGH NOW!

August 3, 2016—The collapse of, not just the credit markets, but the overall economies of Europe and the United States, is now fully underway.

The insertion of Glass-Steagall into both U.S. political parties' platforms is discussed everywhere; but it is only one step towards a goal which has to be reached immediately. There is no waiting until a lame-duck session, or the next Congress: It must be put through.

Why? Because Glass-Steagall is an essential part of a national credit policy to revive production and productivity and cooperate with Asian powers' global infrastructure investments. Without that policy, the trans-Atlantic economies have entered an irreversible collapse much worse than a mere "bank panic," although a bank panic is underway.

The unfortunate faked "stress tests" of major European banks have triggered their general crash on the markets, with trading in the leading Italian banks halted on Tuesday after they had just supposedly been bailed out! An expert calculation of "real bank stress," conducted on an emergency basis and reported in the Financial Times that day, found that the big European banks need an immediate bailout of 900 billion euros — a \$1 trillion-plus emergency "TARP" recapitalization — to survive.

The loss of growth, and complete loss of productivity in the trans-Atlantic economies is driving this collapse. In the United States: GDP growth for the past 12 months is 1%; labor productivity has dropped 1.5% so far this year, and hasn't risen in six years; business capital investment has dropped in five of the past six quarters; real weekly wages are again falling.

Leaders of the Federal Reserve — including New York Fed President Dudley on Tuesday, Fed Chair Yellen last week — are making speeches bemoaning the loss of economic productivity, which they have helped bring about by incessant mon-

ey-printing to bail out bankrupt banks.

Growth in more fundamental aspects which measure the effect of new technologies on labor productivity, has completely disappeared.

The markers in Europe are worse, and public investment has dropped across Europe in the past year by 115-120 billion euros, or about \$135 billion.

Another \$1 trillion TARP will cure nothing about this collapse. Italy, for example, currently an epicenter of the bank crash, needs a national law to allow creation of national credit for growth — a step currently prohibited by European Union regulations!

Glass-Steagall separation and limitation of insured commercial banks opens up the cure. That cure is national credit institutions that create both credit for new and more productive infrastructure and industry, and the demand for additional credits from private lending banks. Glass-Steagall enforcement opens up the successful banking and credit policies of Treasury Secretary Alexander Hamilton.

One Senate supporter of the Glass-Steagall bill in that body, believes that if it can be gotten to the floor of the Senate, out of the committee sitting on it, the legislation could pass right now. The national debate and discussion now swirling around Glass-Steagall in the party platforms, has to be turned into action to put the Glass-Steagall legislation through.

American and European societies have sustained tremendous losses since the 2008 financial crash, often described in terms of tens of trillions of dollars, but really measured by the loss of a future for younger generations. This collapse will make that irreversible, unless it is stopped by national action now.

Every citizen can become a creative force in this effort.