



It Will Take A New Credit And Money System

The big central banks continue to beat their way back to the quantitative easing schemes they all used to drag the London and Wall Street banks through the last crash — signalling the approach of another. The Federal Reserve, which after 10 years finally raised its discount rates in 2018, has resumed lowering them; its chair, Jerome Powell, said, don't regard the bailout measures used in the last crash as “unconventional” — they're going to be used again. After the European Central Bank supposedly left its discount rate unchanged for a year on June 6, its head, Mario Draghi, spent the days since putting out rumors and leaks that, in reality, its board was discussing interest rate cuts and increased buying up of corporate and sovereign bonds from private banks. The Canadian Central Bank “reluctantly” returned to cutting rates. And so on for the rest.

Are we to believe the central banks, that they are just “supporting continuation of the expansion”? Stagnant and low-wage as that “expansion” has been since the crash of 2007-08, it has ended in Europe and is slowing in the United States. The central bankers know, and admit, that trillions in the debt of overindebted corporations and superindebted “zombie companies” will now default in these conditions, triggering a crash starting in some section of the financial markets — “the usual carnage,” as Bank of America head Brian Moynihan dryly put it in a warning to the Economic Club of New York June 5. He should know: BoA is the biggest leveraged lender since the crash of all the megabanks, and has been selling off its “junk debt” to non-banks like private equity and hedge funds, which now “worry” Moynihan.

Another financial crash will take down real economies in Europe and the United States which have not really recovered yet, leaving them completely devastated. The “four laws” which Lyndon LaRouche called urgent necessity in 2014, must be enacted quickly now — especially quickly, the Glass-Steagall separation of commercial banks from the speculative casino, and the creation of masses of national credit for new, high energy-density and high-technology basic

economic infrastructure.

Russian President Vladimir Putin's sober comments to the St. Petersburg International Economic Forum were important: The brief global growth (through several serious crises) after the end of the Cold War ended decisively with the “global crisis of 2008-09”, and since then supposed “GDP growth” has decoupled from growth in physical goods trade, which has hardly grown. “The policy of quantitative easing ... did not solve the problems, but only pushed them into the future.” By turning back to that policy now, the central banks are confirming that Putin is right.

Lyndon LaRouche, in a speech (in Russia) at the depth of the 2009 economic collapse following the financial crash, said that only a new credit system — not a monetary, but a credit system — could launch a real economic recovery. “Agreement Among Four Powers Can Avert Total Collapse” is republished in this week's Executive Intelligence Review. Identifying the initiating powers as the China, Russia, the United States, and India, LaRouche specified: “The future of mankind, even though it's some generations distant, now, depends upon the development of the colonization of the Moon, as a manufacturing center for building pieces of equipment which will convey man to the colonization of Mars. This will be a fundamental change in the character of the apparent human destiny, over this period of time.” This “science driver” for creativity and productivity shaped another of LaRouche's “four economic laws” in 2014.

The great projects on Earth, and in the Solar System, are there for a new credit system to carry out; China, with its Belt and Road Initiative, has launched the process. For the United States, the great projects for credit lie immediately before us in the developing nations of Mexico and Central America, and have been proposed in one form already to the Trump Administration. To carry them out — and to prevent the devastation of the approaching financial crash — requires a new credit system from those four powers, as LaRouche proposed it.