

# Schiller Institute in Denmark Testifies In Parliament on Financial Collapse

by Michelle Rasmussen

The Schiller Institute in Denmark has once again brought crucial ideas directly into the Danish Parliament, this time focusing on the ongoing international financial collapse. Chairman Tom Gillesberg, accompanied by a five-person delegation, testified before the Political and Economic Committee of Parliament, on Jan. 17, just hours before Lyndon LaRouche's webcast from Washington.

During his 15-minute testimony, Gillesberg stated that the global financial system is collapsing now, and that the only solution is the adoption of LaRouche's New Bretton Woods proposal, returning to fixed exchange rates and national banking. As the first step, he described the growing support in the United States for the Homeowners and Bank Protection Act, and urged Parliament to act to protect the Danish economy and citizens, and to facilitate establishing a New Bretton Woods.

In conclusion, Gillesberg asked the committee members to watch LaRouche's webcast, and "follow in the footsteps of the Italian Senate, and invite LaRouche to the Danish parliament to further discuss these questions." (See *Documentation* for his remarks, and a paraphrase of the questions and answers following.)

There were at least six members of the committee present: the chairman from the Unity party, plus the Social Democrats, Socialist People's Party, and the Danish People's Party. Two members of the committee had signed an earlier call by Helga Zepp-LaRouche for a New Bretton Woods, and the idea has been taken up during parliamentary debates by two other prominent parliamentarians.

Gillesberg's testimony was the second time the Schiller Institute had testified before a Danish parliamentary committee. The Institute's national maglev proposal was the subject of the first testimony, on April 12, 2007, before the Traffic Committee. At that time, Gillesberg became the first person to urge the committee to initiate a study to investigate the feasibility of building a bridge across the Kattegat Sea, between the island of Zealand, where Copenhagen is located, and the Jutland Peninsula near Aarhus, Denmark's second-largest



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*Schiller Institute chairman Tom Gillesberg at the Danish Parliament on Jan. 17.*

city, as well as equipping the route with a maglev link. One could then travel between Denmark's two largest cities, Copenhagen and Aarhus, in just 25 minutes, a trip which now takes three and a half hours, which would revolutionize the Danish economy and society. A maglev train link over the Kattegat is the first stage of the Institute's proposed national maglev plan. Now, there is broad political support for at least building the new Kattegat bridge.

Gillesberg had been scheduled to appear before the Political and Economic Committee on Oct. 25, 2007, but this was postponed when parliamentary elections were called just the day before, on Oct. 24. Yet, due to the possibilities the Nov. 13 election provided, this vital discussion was brought to the entire Danish

population: Gillesberg and three other Schiller Institute activists ran independent candidacies for Parliament, under the slogan, "After the Financial Crash: Maglev Across the Kattegat." There was significant national press coverage of both the candidates' warning of financial collapse, and of the maglev plan.

This campaign was a followup to the 2005 municipal elections, in which Gillesberg ran for mayor of Copenhagen, heading a slate of 12 candidates, under the slogan, "When the Bubble Bursts ... a New Bretton Woods." As the current financial collapse develops, many voters are remembering that the Schiller Institute was the first to call for action to deal with it.

The Danish Parliament allows citizens and organizations to request permission to testify before many parliamentary committees, and present written material. In conjunction with the two requests to the Political-Economic Committee, extensive material in Danish and English has been posted on the Parliament's website, including Helga Zepp-LaRouche's call for a New Bretton Woods, Lyndon LaRouche's Homeowners and Bank Protection Act, his speech to a conference in Los Angeles in November 2007, calling for U.S.-China collaboration, Gillesberg's first prepared testimony, coverage of the financial collapse from the Schiller Institute's Danish newsletter, *Prometheus*, and *EIR* articles on the economy. See [www.ft.dk](http://www.ft.dk), and search (*soeg* in Danish) for "Schiller Institutet."

# Gillesberg Testimony on Global Financial Crisis

*Schiller Institute chairman Tom Gillesberg addressed the Political-Economic Committee of the Danish Parliament on Jan. 17. His speech has been translated from Danish.*

I am Tom Gillesberg, chairman of the Schiller Institute in Denmark. Thank you for allowing us to appear.

We are here today because the credit crisis the world has experienced during the last six months, is part of a breakdown of the global financial system. Only by putting the entire system into bankruptcy reorganization, and establishing a New Bretton Woods system, can we avoid total chaos. The [Danish] Parliament has to therefore work for the establishment of such a Bretton Woods financial system, and make sure that the Danish authorities take the necessary precautions to protect the population, the physical economy, and our bank and financial system.

When the international credit and financial crisis broke out at the end of July, due to the American subprime mortgage crisis, pulling the rug out from gigantic financial values, and started to topple banks, like the IKB bank in Germany, and the British Northern Rock, most people hoped that the German financial oversight authority BaFin was exaggerating, when it called the crisis the worst banking crisis since the 1930s.

Today, it is clear that it is even worse than BaFin feared. We are not dealing with a subprime crisis, and some unlucky speculators, but with a breakdown of the entire international financial system. The system has been undermined by many years of financial speculation, which has created fictitious paper values, which now have to be written off by enormous amounts in the billions. Deutsche Bank estimates that the 500 billion crowns [\$100 billion] that the world's banks up until now have had to write off due to the subprime crisis, will grow to 2 trillion crowns [\$400 billion], equivalent to 33 Kattegat bridges. At the same time, other bubbles are now bursting, like the stock market bubble, housing bubble, credit card bubble, and at some point, the gigantic derivatives bubble. Enormous paper values are going up into smoke.

That will leave a great part of the world's financial institutions bankrupt, and it is a crisis which in size and depth, exceeds that of the 1930s, and reminds us of the financial breakdown of the 14th Century, which, after the bankruptcy of the Bardi and Peruzzi trading houses, led to a new dark age. The attempts of the central banks to postpone the crisis, by lowering the interest rate, and pumping in massive

amounts of liquidity, will simply lead to hyperinflation, as was seen in Weimar Germany in 1923—but this time, on a global scale.

## LaRouche's Proposal for a New Bretton Woods

For a long time, Lyndon LaRouche, economist and former Democratic Presidential pre-candidate, has been pointing towards the buildup of the present crisis. In the spirit of Roosevelt's initiatives in the 1930s, he has warned against the wishes of the financial world, to let the population pay for the crisis through a draconian austerity policy, and has instead proposed a New Bretton Woods system, which means a bankruptcy reorganization of the old financial system, and the establishment of a new one with fixed exchange rates. That will secure functioning banks and long-term credits for physical economic development, which is necessary for the future of global trade and our national welfare.

As the first step in the acute crisis, in August, he suggested "The Homeowners and Bank Protection Act of 2007," which can save the millions of American homeowners who are threatened by foreclosure, and protect the American banks. On the other hand, financial speculation, hedge funds, and "creative" financial instruments can go down the drain. LaRouche's proposal has been introduced into eight state legislatures (with an additional five on the way), has been passed in 30 American cities, and has already begun to influence the American Presidential elections.

After that, LaRouche thinks that the U.S. has to begin a New Deal, and, together with Russia, China, India, and other countries, establish the New Bretton Woods system, and international collaboration around great infrastructure projects, like the Eurasian Land-Bridge, and a tunnel under the Bering Strait. Already, in 2005, the Italian Chamber of Deputies decided to require the government to work for the establishment of a new financial system, and last week, signatures of 40 French mayors, including two members of Parliament, were published, supporting a New Bretton Woods.

## What Do We Do in Denmark?

At home, the Schiller Institute, and the current speaker, have raised this debate. In the election in November 2005, we had the slogan, "When the Bubble Bursts ... a New Bretton Woods," and during the recent parliamentary elections, posters saying, "After the Financial Crash—Maglev Across the Kattegat." At the same time, we have distributed more than 200,000 campaign newspapers, to make sure that we can all prepare ourselves in time, for the financial floods on the way.

Denmark has to keep the crown, and our unique mortgage system, and, as soon as possible, get rid of the new, dangerous SCB loans [special covered bonds]. The [Danish] financial oversight authority has to map out the problems our banks are exposed to from abroad (including via foreign affiliates), and through greatly expanded lending at home. There has to be an



railroads, can build the user-paid bridge/tunnel-connections across the Fehmarn Belt, the Kattegat Sea, and between Helsingør [Denmark] and Helsingborg [Sweden], and a publicly financed Danish maglev network. This maglev network will not only reduce the travel time between Copenhagen and Aarhus to 25 minutes, but will, when fully developed, bring all of Denmark closer together, and be able to take over a large share of passenger and freight transportation. An international network will not only bring us to Stockholm, Oslo, and Berlin in under an hour and a quarter, but all the way to Asia and America.

### Webcast With LaRouche

The international crisis we are in the midst of is without historical precedent, and cannot be solved within the framework of the present financial system. It threatens not only our present and future welfare, but is, with active help from the empire faction in Great Britain, already unleashing global cha-

intervention, in order to reduce the risks. At the same time, we have to prepare ourselves for the consequences of the Danish housing bubble, and the parallel to the American subprime crisis: hundreds of Danish mortgage carousels, which will soon collapse, together with the housing bubble.

Ambitious banks have uncritically lent money for construction projects, like those in Orestaden [a newly build section of Copenhagen], with insecure collateral. Homeowners have been persuaded to use their homes as collateral for investment credits, which have been spent on consumption and financial investments, which have been feeding a Danish stock market bubble. The Danish banks and our economy will be hit hard by all of this.

The Parliament has to instruct the government to work for the initiation of a New Bretton Woods financial system, and through measures like the Homeowners and Bank Protection Act of 2007, make sure that Danish citizens and the Danish economy are protected.

The Parliament also has to instruct the government to prepare a quick implementation of urgently needed infrastructure projects, which can keep the Danish economy going, and begin a shift in the national economy, away from consumer spending, where service jobs are replacing jobs in the productive sector. We have to return to an investment-driven economy, where investments in infrastructure, production, and scientific and technological progress, create the basis for increased productivity, and a higher living standard for the whole population.

The infrastructure budget has to be tripled, so we, besides the self-evident, acute need for investments in highways and

os and a new dark age. But if we make the necessary, courageous political interventions, we can not only conquer the acute crisis, but also create a global renaissance, which gives all nations and peoples the possibility of creating a future worthy of mankind.

Tonight, at 7:00 p.m., Lyndon LaRouche will hold a webcast from Washington, about the seriousness of the present crisis, and the way out of it. It would be a good idea to listen, and afterwards, follow in the footsteps of the Italian Senate, and invite LaRouche to the Danish Parliament to further discuss these questions.

Thank you.

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### Question Period

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*The three members of the committee who asked questions were all Social Democrats. There were three other members present, from the right-wing Danish People's Party, the left-wing Unity party (the chairman), and the Socialist People's Party. Schiller Institute members also talked to, and gave material to, three government ministers who came by: the finance minister, the education minister, and the jobs minister (the right-hand man of Prime Minister Anders Fogh Rasmussen). One asked, "What financial crash?" Another said, "They are all blown-up values, so it's good that they're collapsing."*

*The following questions and answers are a paraphrase of the discussion.*

**Q:** Your proposal about maglev is captivating, as I am

from Aarhus. But the question is, why should we keep the [Danish] crown?

**A:** First, right now, there is a discussion within the Eurozone, about disbanding the euro, because there is a common currency, but not a common economic policy, and that presents problems. Second, there is an advantage to having your own currency, because you can make your own decisions. In the case of Northern Rock, the European Central Bank disagreed with the English central bank's intervention to save the bank. If you have a crisis, like a bank crisis, as a sovereign nation you want to be able to solve the crisis, but the ECB has no such consideration, and does not allow you to make decisions based on what is good for your nation, but sticks to its arbitrary judgments.

*The following two questions were asked by two members jointly:*

**Q:** Your infrastructure proposal is captivating, but to call for tripling the infrastructure budget is something hard to fathom, also in light of our European relations. Where are you going to get the money from? I'm also worried about an overheating of our economy.

Why should we keep the crown, when we are obliged to do what the euro nations do? What degree of freedom do we have?

**A:** As to the first question, we have the money. We actually have a budget surplus. The big problem is, how do you take a temporary surplus, and invest it in such a way that the money doesn't just disappear, but you have a long-term benefit. Of course, you can pay back debt, which is the current government policy, or you can invest in long-term infrastructure projects, which, over 30-100 years, pay back a yearly bonus to the physical economy. That is so important, that even if you don't have the money, it still pays to borrow the money to invest in infrastructure, as we do with the current user-paid big bridge projects. Right now, we have a lack of labor in Denmark, but that can change very quickly. In the United States, we see a collapse of the physical economy. The dollar is already low, and if it collapses further, it will have devastating consequences for the exporting nations in Europe.

**Q:** How can we uphold our treaty obligations and agreements?

**A:** It's not true that we have to follow the policy of the others. Right now we have chosen to do so, but we have the right to change our policy. That is important in these dramatic times. You don't put up your umbrella when the Sun is shining, but you need it when it begins to rain. Then it's good that you have an umbrella.

Imagine that you have a change in U.S. policy. The physical economy is breaking down. Hillary Clinton has made the economy the biggest issue in her campaign. We have to be ready to collaborate with a new economic policy.