IS IT ONLY 'ONE MISTAKE TOO MANY'?

German Government's Green Bubble Is Popping

by Claudio Celani and Paul Gallagher

May 24—With Germany's world-model industrial sector now shown measurably shrinking under Russian energy cut-offs, with the nuclear shutdown and "anti-carbon" rules, and with the German economy now officially in recession, the "super-ministry" of Vice Chancellor and Economic Affairs and Climate Action Minister Robert Habeck has been weakened and hit by scandal.

Habeck had to fire his aide Patrick Graichen May 17 for influence-peddling and nepotism, which Habeck admitted was "one mistake too many" for the ministry. But the next flanking attack on Habeck has already started, targeting his leading economic advisor Elga Bartsch, who had worked for Wall Street firm BlackRock before being hired by the ministry. Bartsch's connection to BlackRock was raised during a hearing with Habeck at a parliamentary committee. Moreover, the German "liberal-conservative opinion magazine," *Tichys Einblick*, which has been leading a growing campaign against Habeck, went after Habeck's main economic advisor May 21.

Author Klaus-Rüdiger Mai wrote:

> Fossil heating will only become more expensive in the future because not only the Greens but also the EU bureaucracy are deliberately making fossil heating more expensive—not to save the climate, by the way, but to satisfy the profit interests of certain circles. The climate complex consisting of the Greens, the renewable energy industry and the financial industry, in particular American hedge funds such as BlackRock and the Big Four economic consulting firms, has an ideological, an economic, and a power interest in making the fossil fuel industry more expensive. Because in the conversion of an industry, whether it works in the end or not, the finance and consulting industry earns. And so does the climate industry, regardless of whether it works or not, because it has to prove itself, not on the market, but around the bonfire of subsidies with pretty siren songs....
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> If you think this is a conspiracy theory, take a look at where the new head of the Policy Department [Bartsch —ed.], whom the assiduous Robert Habeck has brought into the Federal Ministry of Economics, comes from, namely, BlackRock.

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Robert Habeck, Vice Chancellor and Economic Affairs and Climate Action Minister, has taken Germany into a recession with his policies of shutting off Russian energy, shutting down of nuclear plants, and reducing emissions of life-giving carbon dioxide.

The BlackRock connection explains also why opposition leader Friedrich Merz (CDU) has been strangely soft on the Greens so far. Between his two Bundestag mandates, Merz, too, worked for BlackRock. *Tichys Einblick* author Mai continued:

> After the great financial crisis of 2008, the financial industry was looking for a new bubble, be-

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Elga Bartsch, formerly Head of Macro Research at BlackRock Investment Institute and Managing Director and Chief European Economist at Morgan Stanley, now leads the Economic Policy Division of Vice Chancellor Robert Habeck's Economics Ministry. She's Habeck's "brain" for his "climate transition" policy.

> cause bubbles make money. A bubble works like a pilot game. You make great money by investing in the bubble, you just have to be smart enough or have the necessary knowledge, the necessary information, when the bubble bursts like any bubble, so that you can get your money out of the bubble and your profits in time, pull out of the bubble, and leave the others in the debt mess. And if you do it skillfully, you even earn money from the disaster.

Bartsch, a "brain" of Habeck's Schachtian "Climate Transition" policy, is an expert in this business of "looking for a new bubble."

Morgan Stanley Connection

Ms. Bartsch now leads the Economic Policy Division of Habeck's Economics Ministry and is responsible for the yearly economic reports of that ministry. She quit BlackRock shortly before being hired by Habeck at the beginning of January. This year's economic report of Habeck's ministry includes for the first time "climate sustainable" assessments.

What is less well known than her BlackRock experience, is that Bartsch has been working on a blueprint for climate-change "green finance" at least since 2007, at her previous employer, the Wall Street investment bank Morgan Stanley.

Bartsch authored Morgan Stanley's Oct. 3, 2007 report, "The Economics of Climate Change. It lays out with shocking clarity the main features of climate policy currently being implemented by European Union governments and other western governments. In a chapter entitled, "Another Dose of Creative Destruction," Bartsch wrote:

> After the collapse of communism … climate change could be the next major shock to the global economy. Like the fall of the Iron Curtain, climate change could cause part of the existing capital stock to become obsolete as the production structure suddenly faces a big shift in relative prices (driven by carbon pricing). In addition, climate change could trigger major changes in global workforce dynamics.

This certainly applies to what is happening to German industry and living standards in EU nations now. And, when describing "climate change," Bartsch means, in reality, policies to "rectify" climate change, as she makes clear later on. Thus, her actual intended meaning: After a major shock to the world economy, actions to "rectify" climate change can depreciate fossil-based assets, as forced disinvestment and CO_2 pricing can make energy prices skyrocket. In addition, climate-rectification policies could provoke mass unemployment worldwide.

Further on, Bartsch suggests implementing climate policies dictatorially, top-down:

> Containing climate change will likely be top-down technological change heavily influenced by government policies. Climate change is not only the largest externality ever experienced globally, rectifying it will also require the most far-reaching government intervention.

Don't rely on voters' support: They won't understand why, to save the planet, they should eat less, heat less, travel less, etc.:

> Rational voter-behavior can result in too low a level of environmental protection because individuals lack the incentives to obtain all the necessary information on climate change and therefore don't express their environmental preferences properly…. In this context the rise of "green" parties in many countries is an interesting breaking of the mold.

One might properly wonder, had she lived in the 1930s, would she have followed the English economist Baron John Maynard Keynes' example in proposing Adolf Hitler's regime as the most suited to implement her schemes?

Keep in mind the context in which this report was issued. In actuality, the "next major shock to the global economy," of which Ms. Bartsch wrote in 2007, was just then occurring right at her bank, Morgan Stanley! One big trading desk alone lost $14.5 billion, dwarfing all previous bank losses in history. Hopelessly bankrupt, the investment bank was bailed out by a $9 billion "investment" from Mitsubishi UFJ; then by $20 billion preferred stock "investment" by the U.S. Treasury's Troubled Assets Relief Program (TARP); then by being awarded "commercial bank status" so that it could borrow from the Federal Reserve's discount window; etc. Millions were foreclosed on and evicted, or lost everything. The biggest trans-Atlantic economies were driven into the "Great Recession" of 2009-10.

Could Ms. Bartsch have missed all this? Was she locked in a room at Morgan Stanley where mortgage-backed securities, credit default swaps, and collateralized loan obligations were never mentioned, so as not to offend her exalted sensibilities? Did she frown on such money-grubbing and gambling when the noble goals of saving the planet were calling to her? Did she really think it was climate change that was going to do the "creative destruction," when all around her, "creative" bankers were destroying everything?

Not at all. Rather, she was working on a scheme to create a new "green finance" bubble in order to bail out the bank—and the financial system—at the cost of regime-change and superpower wars, deindustrialization and another deep recession, a worldwide food crisis, and Malthusian sacrifices of the people.

Recall, in this context, the comment of the 1972 Club of Rome book, *Limits to Growth*:

> In searching for a new enemy to unite us, we came up with the idea that pollution, the threat of global warming, water shortages, famine and the like would fit the bill. All these dangers are caused by human intervention, and it is only through changed attitudes and behavior that they can be overcome.

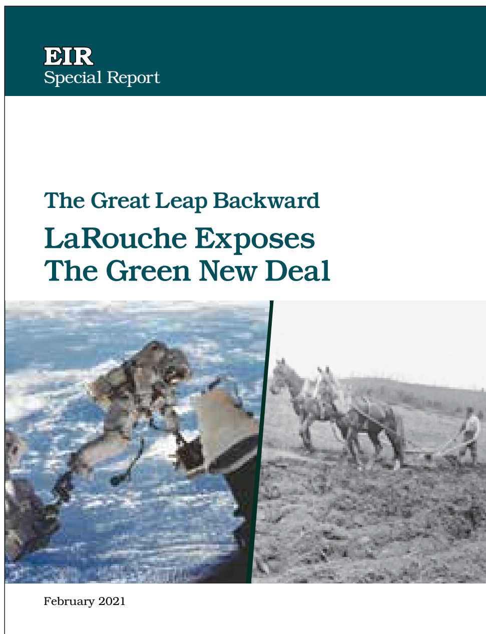
New EIR Offprint Special Report Now Available

The Great Leap Backward: LaRouche Exposes the Green New Deal

Executive Intelligence Review has released this Special Report to warn of the extreme danger to mankind represented by the Green New Deal, also called "The Great Reset" by the leaders of the Davos World Economic Forum.

Already being implemented, this plan is taking over the direction of national economies from sovereign governments, using the power of central banks and the too-big-to-fail private financial institutions, cutting off credit to fossil fuel power generation and to industrial and agricultural enterprises claimed to emit too much carbon. Meanwhile it is creating a new huge bubble in the "sustainable fuel" sector, hoping to prop up the increasingly bankrupt financial system.

Stopping it by returning to a Hamiltonian American System credit policy, requires an understanding which is the purpose of this report.



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