

Southeast and South Asia. In these matters, the need to provide security among all of the nations of Eurasia and the need for new forms and degrees of economic cooperation are inseparable practical concerns.

This emphasis upon Eurasia is not to the disadvantage of Africa, Australia, New Zealand, and the Americas. Quite the contrary, without a general economic recovery in continental Eurasia, there is no hope for the planet as a whole.

The national economies of Eurasia represent nations and cultures with significant differences in their characteristics. However, all share in common the need for similar benefits as measured in physical-economic terms. The most urgent elements of economic cooperation needed among this assortment as a whole, are preponderant emphasis on development of basic economic infrastructure, without which other improvements in the life of their populations were not possible, and large-scale and growing transfers of advanced productive technology from those places where fountains of such technology may be supplied, into areas in which the deficit of such technological infusions must be corrected.

The objectives of such cooperation are, generally, in the order of the required work of two generations, the coming quarter-century most urgently. This requires a system of long-term, relatively fixed parities among currencies, and upper limits on borrowing-costs and conditions, in which rates of between 1% and 2%, and simple interest, not compound, must prevail. The great bulk of the flows of physical capital will be concentrated in long-term credits, in the order of about twenty-five years. A quarter to one-half of the long-term credit and trade agreements will come under such provisions.

The experience under the original Bretton Woods agreements, during the period until about 1965, provides appropriate precedents. Study of the internal development of the U.S. economy during the difficult 1933-1945 interval, also provides relevant examples.

On the side of monetary and financial practices, this will require the forms of regulation which prevailed during the 1945-1965 interval, with initial emphasis on the more strict regulations of the 1945-1958 interval.

Additionally, special attention must be given to the lessons of the leading military and other great science-driver programs of the 1940-1965 interval, including the Kennedy manned Moon-landing program. The success of the recovery program required for Eurasia (and elsewhere) today, will depend upon the rapidity which can be achieved in science-driver modes of technological progress. When we consider the area of Eurasia as a whole, and also take into account the needs for technological progress among the dense population-areas of East, Southeast, and South Asia, the goals of recovery could not be achieved without aid of a greatly accelerated rate of technological progress. Only a science-driver strategy could ensure the acceleration of the rate of technological progress to needed levels.

This will require a twofold direction of change in the structural composition and education of the labor-force of

Europe and the United States in particular. To fulfill our part in the partnership with the technologically less developed portions of the world, we must increase greatly the ration of the total labor-force employed in producing science and technology, and, shift the quality of employment of the remainder of the labor-force upward technologically. By these shifts in priorities for education, investment, and employment, we will be able to generate accelerated rates of increase of per-capita physical productive powers of labor in what is presently termed the advanced sector, and, thus, to generate higher rates of physical productivity into employment in the less advanced sectors of the world.

This means, physical-economic targets for the immediate quarter-century ahead, and monetary and financial policies designed to match the standards defined in physical-economic terms. To this end, we must clarify our intentions. If we do, we might imagine that President Franklin Roosevelt would be pleased with our intentions.

Prof. Wilhelm Hankel

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Jacques Cheminade

Europe's Task in Creating A New Bretton Woods

Jacques Cheminade is president of the Solidarity and Progress political group, is a candidate for President of France, and is a decades-long collaborator with U.S. Democratic Presidential pre-candidate Lyndon LaRouche. The following speech was delivered to the EIR seminar in Berlin on March 5. Subheads have been added. (An interview with Cheminade appears elsewhere in this issue.)

It should be clear, at this point of our conference, that we have reached the moment of absolute breakdown in the present world financial and monetary system. It is hopelessly bankrupt in its present form. The Bush Presidency in the United States can only, if anything, accelerate the pace toward disaster, and the Japanese government is caught in both a financial and political crisis from which it is unable to escape. The

United States is finished as the consumer of last resort in the world economy, and Japan can no longer be its lender of last resort. If Europe had leaders worthy of that name, it now would be the hour of Europe. France, Germany, and Italy, in particular, inspired by the successes of their postwar reconstruction policies and the key seminal role played by the French *Fond National de Modernisation et d'Équipement* [National Fund for Modernization and Equipment] under Jean Monnet, by the German *Kreditanstalt für Wiederaufbau* [Reconstruction Credit Agency] under Hermann Abs, and by the Italian *Cassa del Mezzogiorno* [Mezzogiorno Development Fund] and the inspiration of Enrico Mattei, today should be our point of reference for a policy in absolute opposition to the disastrous ultra-liberal, suicidal Thatcherite axioms of the last 30 years. New Bretton Woods should be a word spelled in German, French, and Italian.

Nothing of that sort will take place in Europe, however, under its present elites and populations. A great moment of history is being met by “little leaders” and a “little people,” too cowardly to confront the moronic Anglo-American oligarchy with a design; too concerned with their own petty squabbings, as they showed in the disastrous Nice [European Union] summit. They are bad not so much because of what they are doing—because they are not able to do much—but because of their pathological incapacity to confront the challenges before us.

They offer no great design, no great projects to mobilize the people: The need for state intervention and regulation is back on stage, it is understood as a necessity, but our statesmen are, at best, on hold. Even a relatively limited project, such as the high-speed rail line between Paris and Budapest to Moscow, via Strasbourg, Munich, and Vienna, is now delayed because of prevarications of all sorts. The [high-speed rail] connection between Eastern Europe and the Mediterranean through the future Rhine-Rhône TGV, for which they also say that no money is available, is also delayed, and there is no understanding of the broader interest of those policies. To confront BSE [“Mad Cow” disease] or the hoof-and-mouth disease epizootic, no overall emergency mobilization is considered possible, and the problem is treated as if it was a mere file handled by a bureaucracy, not a life-and-death issue for farmers and consumers.

Change the Way People Think

Therefore, what I am going to say now about Europe’s task in creating a New Bretton Woods, should not be misunderstood. The present European so-called leadership and population are unable, as they are, to fulfill their task. But, such a task is mandatory in the present world historical situation. The solution to this paradox is that we, in this conference and through our various political, social, and cultural connections, have to change their very way of thinking and doing, or rather, their way of not-thinking and not-doing. That is, to be frank, the first task to start with if we want Europe to contribute to creating a New Bretton Woods. Let me tell you now: That

organizing standpoint should be our permanent guidance, if we want to break through the present European disease of impotence. Let me tell you what has to be done.

The first thing, is to abandon all the self-delusions and misplaced ideas about a European niche. Yesterday, as evidence of this, I read the evaluation of one of the most respected French forecasters, who said that “in the face of the American recession, Euroland is more robust than the United States.” Such things were said in Europe just after the crash of 1929, and we should not forget the lesson of what happened after. Europe’s—France’s, Italy’s, and Germany’s—only chance to survive as heirs of the true European civilization, is in breaking the rules of the game, in doing today what they did not do in the 1930s. We should do what Monnet, Abs, and Mattei did, but this time, before the disaster, not after it happens. And we should do it in the dimension of the Atlantic to the Urals, the Atlantic to the Sea of China, and beyond, on a world scale, with the New Bretton Woods, as active stakeholders and not passive supporters. To be true to itself, to be worthy of its European heritage, Europe has to reach out, to be greater than itself.

Second, to overcome our fears of change, we have to rub salt in the wounds: It is only by putting the present world monetary and financial system into bankruptcy reorganization that we can rebuild a viable form of monetary order on this planet. This means to cut short all the compromises made by our banking systems, the backroom speculations of the *Société Générale*, *Deutsche Bank*, *Crédit Lyonnais*, or *Dresdner Bank*. No more deals and compromises to “survive”; the only way to survive now, is to leave the sinking boat. This means concretely, the cancellation of claims to the most disreputable categories of nominal debt, such as financial derivatives and junk bonds, which are the same as gambling debts. Everything that is predatory to the physical economy should be wiped out, and only that which is connected to production, labor, and operations linked to physical goods should be maintained. It is better to let *Crédit Lyonnais* die rather than allow it to suck the blood of living people.

Third, principal and accruals of interest on much of the world’s total debt have to be frozen, and large portions of such debt forgiven, as practical and moral considerations dictate. Europe should make legitimate debt prevail over legal debt, the intention over the formal document.

‘A Global New Deal’

Fourth, once this been done and the mess cleaned up, the process of economic growth has to be re-established on a world scale. In Europe, it means building the Eurasian Land-Bridge, coupled with a Europe-African Bridge across the Mediterranean, which demands the issuance of large amounts of long-term, low-interest-rate credits for promoting essential forms of public infrastructure and related hard-commodity private investments needed to bring employment and output up to levels of sustainable long-term, physical-economic growth. It means, in Europe, the drive of the old Delors Plan,



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but well beyond it, and in connection with credit instruments, organized and agreed upon among sovereign national states. It is because those credit instruments were not available, that the Delors Plan collapsed.

We need, instead, something with a base, a head, and arms to reach out, not an administrative sepulchre. The European Central Bank, in its present form, cannot do it, by its very nature. It is a supranational bank composed of Treasury and banking people, attached to monetary rules and a monetarist education. We Europeans have to urgently change this, and set up a new system of national banking, under the political control and orientation of the citizens of each nation. Delegation of sovereignty is necessary, but only for specific common projects going well beyond the scope of one state, not for transferring the political power from the nation-state to “competent experts” who are not accountable to any political or elected authorities, and who would always tend to reflect the “power of the markets”—in clear terms, the rule of the oligarchy.

This question, of who directs and what are his intentions, is the key one, not to “define some acceptable bureaucratic order.” For example, Jacques Delors and the French authorities are now talking about a new Bretton Woods. But their conception is to reinforce the International Monetary Fund’s (IMF) Interim Committee, which makes of their new Bretton Woods a bureaucratic caricature. Our conception, instead, the necessary conception, is that of a “global New Deal,” in the way Franklin Roosevelt defined it at the end of his life, as a political break with the existing system, not as the result of diplomatic or administrative negotiations within the system.

The point here, is that men who have been raised and mis-educated to maintain the existing system cannot be “apolitically” recycled to do the opposite: It is the intention and the direction that defines the action, not the word that you coin to describe the action.

Fifth, the new system, as with all improvements, has to be protected against its foes. The lessons of the immediate postwar decades are for this purpose a useful reference. This means a matching array of fixed-exchange-rate parities among currencies, buttressed by capital controls, exchange controls, and financial regulation, when necessary, and consistent with the experience of the original Bretton Woods system during its initial two decades of operation, before the Aug. 15, 1971 decoupling of the dollar from gold.

The great danger today, Lyndon LaRouche emphasizes, is presented by the hysterical demand, especially from implicitly self-ruined financier interests, that their financial claims be honored promptly and in full, disregarding the effects of such demands upon the victims of such usurious policies. At this point, we Europeans are confronted with the question of the Maastricht Treaty and the euro. Both, because they are based on monetarist criteria, and the conception that debts must always be repaid whatever the consequences, not only do not help to resist that evil, but promote it. The conclusion is simple: They should both be scrapped.

The Moment of Truth

It is at this point, that comes the moment of truth. Almost all European leaders, and even ordinary people answer: “But you can’t do that.” And if they are less practical than the Americans, and don’t directly say, “You cannot put the toothpaste back into the tube,” they do say the equivalent in a more pretentious way: “You cannot go against the winds of history.” Well, if you want to do what is necessary and have defined before as the tasks of Europe, you have to do just that: put the toothpaste back in the tube, and go against “the winds of history,” for a higher good.

But for that, you should not act as most of our leaders do, as “Bobos.” Our non-leaders are in fact just that: bourgeois bohemians, the last link of the ’68ers, who pretend to be autonomous in their private lives, but have no project, no mission, no design for their society nor the human race. A “Bobo” cannot put the toothpaste back in the tube, but we can.

Why? Because we know, and LaRouche can explain it to you better than me, how the toothpaste tube was produced, and from where the winds of history blow. Do we remember what saved us, Europeans, from Nazism, Stalinism, and the rule of Wall Street and the City of London? The answer is, Roosevelt and his New Deal, first in the form of the victorious War Victory Program, and second, as it was assimilated and brought back to Europe for the postwar reconstruction policies. This should be our model for today, because it was coherent with the thread of European civilization at its best, as opposed to the immoral policies of today, those behind the euro and Maastricht.

Monnet defines quite well the starting point of it in his memoirs, when he says of his close group of friends: “We decided to reverse the logic of the financiers, who accommodate needs to existing resources, absurd logic when the needs are those of the survival of the free world: For such an undertaking, one always manages to find the resources.” So that’s the point: to put Maastricht and the euro back in the tube. In any case, both the euro and the dollar, as currencies pegged to speculation and unpayable debt, are, in their present form, doomed. Why, then, care about them? My proposal is to stop the process of European so-called union at the point it has reached, and reverse it until the branching point before Maastricht and the decisions on the euro. The idea would be to scrap all the arrangements based on financial-monetary criteria, and to transform the euro into a reference value for all European currencies based on a conception of a basket of commodities and pegged to long-term projects as we defined them before.

For that, the coming collapse of the world system is going to help us, by establishing proof of where a bad financial and monetary order leads. But, things are not merely done mechanically, by “winds of history” or toothpaste tubes found in the bathroom cabinet. Human will, inspired by love for humanity, is what makes us change history: For the winds to blow, they have to be blown by somebody, and the toothpaste tubes designed and produced by somebody.

The ‘Productivity Missions’

Let’s here again listen to Monnet in his memoirs, describing how you can successfully go against the accountants’ and financiers’ views, against public opinion: “Mustering all my strength, I contributed to the coming into being of this unstoppable war machine. Its motive was simple: the stubborn will of a small group of men, united around the bearer of an unprecedented power and responsibility, himself supported by the vast majority of the nation.” This was the key to the success of Roosevelt’s Victory Program, but also to the reconstruction of Europe after the war, with a method that Monnet and some others brought back to Europe from Roosevelt’s United States.

Monnet, who had been appointed Planning Commissioner with full economic powers by de Gaulle, thought in 1946 that if French industrialists were to proceed by the old methods, disaster would soon loom. So he told his team: “Let’s send them to the United States.” And he had his friends organize the famous “productivity missions,” through which hundreds of French industrialists came to America to learn how the Americans worked.

Let’s hear Monnet’s close collaborator, Jean Fourastié: “The *missions de productivité* were Monnet’s baby, and originally linked to the Marshall Plan. I organized them with Bob Silberman, sent to France by the U.S. Office of Labor. We put together 400 such missions, assembling in the same boat industrialists, engineers, specialists, and workers.” (You have to understand that, in 1946 France, such an idea, with industri-

alists who had just cooperated with Nazi Germany and workers who were, in great numbers, Communist affiliated, was in itself quite an undertaking.) “There was a unanimous judgment when they came back: They had been given a recipe for a take-off.”

Rediscovering the ‘American System’

Here comes the most interesting part. Fourastié continues: “The idea was very well received, quickly and everywhere. We all noticed that there was something paradoxical, that our European treatises on economic science would ignore the concepts of productivity and technological progress. Economic science, as it was taught in France—but the situation was the same in all Europe—ignored such notions.” Later, he commented, “We owe it to Monnet and America.”

The beautifully ironical point here, is that the “American System” which the Europeans found in the United States after World War II, based on physical economics, was originally inspired by the Leibnizian tradition in Europe, through Colbert’s Academy of Sciences, Lazare Carnot, and Friedrich List. The key point to understand, is that French, German, and other original European contributions created the American System, and that such ideas came back to Europe after 1945, as carried forward by Roosevelt, to inspire the German system of “Rhineland industrialism” and the French “indicative planning.”

Today, obviously, this has been lost both in Europe and the United States as official policies. As I said at the beginning, our so-called leaders are just following the opposite track, destroying their nations, their populations, and themselves, by action, but mostly by abstention. But what is re-emerging around LaRouche, in a more advanced way, with the LaRouche conception of physical economics and the LaRouche-Riemann approach, is precisely the inheritance of this, and what has gathered all of us here. In Eastern Europe, in particular, and in China and India, there are more and more reflections of that movement, as we all know here. Therefore, Europe’s main task in creating the New Bretton Woods, should be to recognize just that and join the process. It is, after all, a product from European seeds, that European thinkers have not produced for Europe itself in an egoistic way, but for all human beings. LaRouche, in that sense, is the Roosevelt of today, with a much higher world outlook: Europe’s task should be first to be once again inspired.

Robert Schuman, the friend of Monnet, said, when the European Coal and Steel Union took off: “What we do is not only done for our nations, we do it while looking far beyond our borders, thinking of what all humanity expects from us.” Indeed, Europe has to think less about itself, and more about what it can do for the world. To be at the level of the challenge that each of us faces now, we have to see with the eyes of the best of our European civilization, the eyes of the future inspired by those among us, and who came before us, who did the best in the past. The New Bretton Woods is for European patriots and world citizens.