

Cheminade Lambastes Eurex Speculation

April 14—*The following statement from French Presidential candidate Jacques Cheminade was released by his campaign on April 14, 2012:*

As early as April 8, I was the first in the Presidential campaign to warn of the coming risk of a speculative attack on the French debt. In fact, as of April 16, Eurex (the European derivatives exchange) will begin marketing new futures contracts for highly leveraged gambling on the French debt (FOAT—French long-term bonds), which is likely to lead to an explosive rise in the interest rates at which France borrows.

The media hype of the past days over such a potential speculative attack cannot be reduced to an initiative aimed at supporting the reelection of President Nicolas Sarkozy. Believing so would be a serious miscalculation of the depth of the financial crisis, and the determination of the financial markets operating out of the City of London and Wall Street to make France—and more generally, all nation-states—crawl.

The financial markets are worried about the maneuvering room that the next President of the Republic will have, in particular, if it is a Socialist President [François Hollande] with a majority in both chambers. What they most fear is the pressure that the people and the Socialist rank-and-file will bring to bear on French leaders.

Our country, thanks to her history and the nature of her institutions, is neither helpless nor unarmed in the

face of the expected turbulence, and the war the financial markets have declared on France.

Prohibiting short sales, as some candidates have proposed, is by no means sufficient. After the second round of the Presidential election [May 6], the following measures must be urgently taken:

- In order to break the financial stranglehold, a Glass-Steagall Act must be adopted as quickly as possible. It must involve a real separation between investment banks and insurance companies on the one hand, and deposit and credit banks serving individuals and companies on the other.

A mere separation of the banks' "activities," while they remain under the same roof, is insufficient.

- A parliamentary investigative committee shall be set up simultaneously, and provided with investigative and subpoena powers, in order to prepare for the separation of the banks and to study their speculative activities.

- The state shall protect the necessary functions of deposit and credit banks. Investment banks that have speculated and lost shall not be bailed out and may be put into bankruptcy proceedings.

- All the debt created by the financial system over the past decades, whether public or private, cannot be paid back. We need a thorough review and sorting-out to determine which debts are legitimate, and those such as gambling debts, which are not.

In that way, we can get out of the "blind belief in a balanced budget," which was denounced by Jean Zay, a minister in the Popular Front [anti-Fascist] government [1936-39]. Such urgent measures are a precondition for a productive public credit policy, allowing for a policy of funding great projects and public works, which is the only means of ensuring the future of France, of her economy and her public services. Otherwise, the economic crisis and social ravages that ensue will be irremediable.

Should the next President of the Republic fail to take such measures to rein in finance, he will be responsible before history for the subsequent financial take-downs. The more votes I have by the evening of the first round of the election [April 22], the greater the pressure on the next President of the Republic to adopt this road map, and the stronger my own voice will be in the struggle to come.

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