

this has “not been the last word on this matter.” In full awareness of the fact that shifting funds inside the domestic German budget would violate the Maastricht budget-balancing guidelines, he decided on Aug. 19, to make 1.2 billion euros available for flood relief from the budget of the Transport Ministry; to spend another 500 million euros from other budgets; and to scrap the “free trade” project of a tax cut for FY 2003 in the range of 7 billion euros. Finally, the EU Commission, under the increasing public pressure, had to concede that post-flood funds for the reconstruction of industrial capacities would be exempted from the general EU budgeting criteria. This divergence from the strict criteria gives the German government extra maneuvering room for a couple of billion euros.

The next, bigger, challenge is to define the projects of reconstruction, which must be done in cooperation with the people who live and work in the flood disaster regions—which just happen also to be the regions with disproportion-

ately high jobless rates. Here one needs a vision for longer-term development, naturally. For example, if infrastructure has to be rebuilt from scratch, it would make more sense to build the most modern magnetic levitation (mag-lev) train routes in Saxony, than to restore the old railway systems. These would be mag-lev routes from the state capital in Dresden to the Czech capital in Prague, or to the Polish-Silesian cities Wroclaw and Katowice.

Most of the reconstruction program already exists: It is in the election campaign program of Helga Zepp-LaRouche’s BüSo party, the Civil Rights Movement Solidarity, which calls for infrastructure and industrial development along the concept of the Eurasian Land-Bridge. BüSo chairwoman and Chancellor candidate Zepp-LaRouche issued a statement on Aug. 16, calling the creation of state credit for such an in-depth reconstruction and development project (see box).

Zepp-LaRouche: How To Repair the Flood Damage

German Chancellor candidate Helga Zepp-LaRouche spoke out on the flood damage ravaging Europe, with an Aug. 15 statement issued from Berlin, entitled “Fight the Flood Catastrophe with the Lautenbach Plan; Put the Maastricht Treaty Out of Commission, Immediately.” She is the chairwoman of the Civil Rights Movement Solidarity party (Bürgerrechtsbewegung Solidarität, or BüSo), and its lead candidate for the Bundestag elections in Germany.

To repair the damages, worth billions of euros, caused by the flood of the century—especially in Bavaria and Saxony—as quickly as possible, and to help the affected families in rebuilding their homes, we must immediately launch the measure proposed by German economist Dr. Wilhelm Lautenbach in the early 1930s. This was for grave emergency situations, such as a depression, the period immediately following a war, and the most severe natural catastrophes. The 400 million euros in aid promised so far, are at best, “peanuts,” and will simply amplify the fears of the victims that, like persons affected in earlier floods, they will be left alone in their misery.

In such a catastrophe, the necessary reconstruction can only be initiated with a policy of *productive credit generation*, as Lautenbach proposed it in the Fall of 1931, to actively fight the world depression—a policy later successfully implemented by President Franklin Delano Roosevelt in the U.S.A. Even current Chancellor Schröder had

to concede, during his visit to the [flood] region, that the financial aid offered so far will be insufficient. His remarks, that the necessary means cannot be mobilized in the framework of the “Maastricht criteria,” have my full support. But I call on him, urgently, to draw the correct conclusions from this recognition, and initiate, together with European partner countries, such as Italy or France, the immediate repeal of the Maastricht “Stability Pact.”

I rejected the Stability Pact from its very inception, and have actively fought it ever since.

In the European capitals—Berlin included—people have been thinking about how to bypass the “Maastricht criteria” for quite some time. The Italian government just decided to officially put up for discussion, the guidelines of the “Stability Pact”; Italy’s Minister for Finances and Economics Giulio Tremonti and some of his colleagues in the Cabinet have been demanding, in recent days, to change the “direction” of this pact, and, above all, to take the urgently required *infrastructure investments* out of this straitjacket for Europe’s economy—and its citizens.

Of course, the suspension of the Maastricht Treaty, as well as the possible mobilization of the Frankfurt Kreditanstalt für Wiederaufbau [Reconstruction Financing Agency] in issuing *project-related credits* for the creation of productive jobs, can only be a first step. After all, the entire world economy is in the end-phase of a *systemic crisis*, which can only be overcome, if the hopelessly bankrupt financial system—including the Maastricht “Stability Pact”—is thoroughly reformed and replaced by a *New Bretton Woods*.

The small-minded approach for overcoming the flood catastrophe shows again, that *bold* new ideas are needed in German politics. I know what has to be done!