

## After Dying Maastricht: New Bretton Woods!

On Nov. 25, the 14 finance ministers of the European Union member governments voted 10-4 not to apply Maastricht Stability Pact sanctions against Germany, the 15th member, for continued violation of the Pact's rule that state deficits cannot exceed 3% of GDP. And in a vote on France, the constellation was the same. Afterwards, all finance ministers gave assurances that the Pact was "not dead." But the fact that the Pact is no longer alive, cannot be denied.

Behind the scenes, in a deal arranged through Italy's Finance Minister Giulio Tremonti, sanctions are off for a year, in return for a promise by France and Germany to reduce deficits in 2004 and 2005 by about 0.5% of GDP, instead of the 0.8 to 1.0% originally demanded. But everyone knows that the promise cannot be kept, because of the downward economic-financial spiral. The next official tax revenue forecast by the German commission of taxation experts, in mid-May, will show (as it has repeatedly) that all previous forecasts about the economy, the labor market, and tax revenues were wrong. Therefore, why wait until

May to sign the certificate of death for the Maastricht Pact?

U.S. Presidential candidate Lyndon H. LaRouche pointed out on Nov. 26 that the foundations of the Pact, which was signed in 1992 to prevent big public sector infrastructure projects in Europe—thereby preparing the ground for a giant capital flow to support the speculative Wall Street bubble—have been destroyed by the deepening world economic and U.S. depression. Capital volumes capable of keeping the bubble intact are no longer available, and foreign investors don't have trust in Wall Street to invest huge sums of money. The apparent weakness of the U.S. real economy, the giant and ever-rising American trade deficit, and the related weakness of the dollar against the euro and other world currencies have eroded the Maastricht Pact along with all other such international monetarist agreements, and the overall situation makes an outbreak of an open dollar crisis by Christmas most likely, LaRouche warned.

Therefore, what Europe needs is what the United States needs: an exit strategy from the discredited, defunct monetarist system, to a new system, a New Bretton Woods. And it will function only if it is following the great examples of the Roosevelt New Deal, the French Planification, or the German Kreditanstalt für Wiederaufbau.

—*Rainer Apel*