Breaking Out of Maastricht, Europe Moves to Tremonti Plan

by Rainer Apel

Some European Union members have begun to think about a more serious approach to incentives for a true recovery in industrial production and employment. All other approaches, from tax cuts to budget cuts, have proven to be an illusion, said Italian Finance Minister Giulio Tremonti at a gathering of international financial policy experts in Cernobbio, on Sept. 6. As author of the "Tremonti Plan"—for the EU to forge ahead with infrastructure investments, regardless of "Maastricht criteria" which regulate how deep EU member-nations' budget deficits can go—the Italian Finance Minister has been an active campaigner recently. He is requesting that the Maastricht Treaty constraints be lifted, in order to amass the tens of billions of euros that such investment requires. France and Germany have already signalled support, conditional on "certain amendments to the plan," but others—Britain, Denmark, Sweden and Finland—are opposed.

Maastricht Monetarism Obsolete

Debate over the Tremonti "European New Deal" recovery plan has visibly intensified, around three major diplomatic events: the Franco-German meeting in Dresden on Sept. 4; the EU finance ministers' meeting in Stresa, Sept. 12; and the Franco-German Summit in Potsdam on Sept. 18. In Cernobbio, Tremonti strongly intervened: He affirmed that European politics must always be based on accomplishing "the common good," which would not justify punishing France or Germany should they violate the Maastricht budget constraints, so long as those "violations" serve to stimulate production and employment; he added, that "extraordinary approaches, with a vague flavor of Colbertism," are now required. The 17th-Century French Finance Minister Jean-Baptiste Colbert was famous for his dirigist policy of state intervention to promote useful production and infrastructure.

French Prime Minister Jean-Pierre Raffarin, in a public meeting in Paris on Sept. 8, repeated his earlier call for a "European mobilization for growth," and reiterated, that he did "not intend to be some kind of accountant, owing explanations to some office in some country in Europe," referring to the EU budget watchdogs in Brussels. His main role, he asserted, was to worry about creating jobs for the French people and for the Europeans. German Economics Minister Wolfgang Clement, in Berlin on Sept. 8, insisted that a policy to stimulated industrial production was urgently needed: "The industrial sector employs 45 million persons in Europe. So long as that is not understood, we will not reach our objective, which is to get Europe to achieve its highest growth rate in the world, between now and 2010." After the Franco-German meeting in Dresden on Sept. 4, French media quoted an high-level official at the German Chancery, that "industry must be reinforced at all costs, because that is the way we earn our bread."

EU Commission President Romano Prodi also took to the media on Sept. 8, commenting on the fact that France's and Germany's level of new state indebtedness—both are close to 4% of GDP—is higher than the 3% allowed by Maastricht. Prodi asserted that these two economies are too important to Europe's economic growth to be forced to strictly observe the regulation, and instead, their borrowing at that level was justified. (The U.S. ratio is currently at 5%, officially, and higher in fact.)

The Franco-German campaign received a public boost from Siemens CEO Heinrich von Pierer. The company is a top manufacturer of infrastructure and transport technologies, including components for magnetic levitation trains. Pierer told a Sept. 9 event at the Hamburg Chamber of Commerce, that "industrial investments have to again be put at the center of politics." He urged extra efforts to prevent the European continent, which has already suffered a substantial loss of industry in the past years, from becoming completely deindustrialized and turned into an R&D monoculture with no production. Pierer said "outsourcing" had its limits: Building up production sites abroad makes sense in countries such as China, simply because it is such a large market; but generally, he argued, industrial firms must always keep a considerable production base within Europe, even if that means higher costs than in low-wage countries.

Berlin and Paris are striving hard now to win over opposition within the EU: Raffarin plans to meet with British Prime Minister Tony Blair, and French President Jacques Chirac is to meet with Spanish Prime Minister José María Aznar. Spain may be ready to join the bandwagon, because, as Aznar already said, "At the end of September, we will be able to communicate to Europe a European mobilization project for employment." And Berlin has signalled it will seriously consider Copenhagen's proposal to fund infrastructure, like the Fehmarn Belt crossing, that will connect Denmark and the rest of Scandinavia across the Baltic to the Hamburg area in Germany; Germany has so far been very reluctant to promise funding. The Fehmarn Belt crossing "might be financed the way that Denmark financed the projects across the Great Belt and the Öresund earlier, by granting state guarantees," said assistant German Transport Minister Angelika Mertens on Sept. 8.

In Dresden, German Chancellor Gerhard Schröder and French President Chirac listed some "meaningful projects" they want to propose to the EU governments, including sea- and airports, railways, science and research centers—and the planned maglev train in Munich.

LaRouche Youth Intervene In Sweden Referendum

Amidst the worsening economic situation in Europe, caused by decades of "free trade" and globalization insanity, the leaders of continental Europe have, albeit slowly, understood that the Maastricht Treaty and its Stability Pact are blocking the necessary expansion of credit for large infrastructure projects and industrial development, without which Europe is sliding ever deeper into depression. As Schröder, Chirac, and Berlusconi move towards the Trans-European Network/Tremonti Plan—which just is a starting-point for reversing economic policy—elsewhere in Europe we see a different tendency.

LaRouche Youth organizing for a New Bretton Woods, in Stockholm on Sept. 6.

In Sweden, which will hold a referendum Sept. 14 whether to join the European Monetary Union (EMU, established by the Maastricht Treaty in 1992) the establishment united to back an entrance, while Premier Gran Persson and Finance Minister Bosse Ringholm attacked the TEN/Tremonti Plan and called the continental governments irresponsible for defying the regulations set up by the financial powers. But, with the campaign to join the EMU shut down in Britain, as the Blair government vanishes, this is more complicated for Persson. Worried that Swedes are becoming more skeptical, he has recently said that "yes" on the referendum might not, after all, be yes; and that Sweden has to evaluate when is the right moment to join.

Now, what the Swedish elite believed was unlikely, is now about to happen. The "no" side is leading; this is a sign of rebellion from the people, who have lost more and more lose faith in the politicians and big finance.

Enthusiastically, members of the LaRouche Youth Movement from France, Germany, Denmark, and Norway gathered in Stockholm with their Swedish fellows to intervene into the political atmosphere and to make a lasting impact on Sweden, well beyond the referendum. By liberating people from the artificial, Orwellian arguments around the referendum, they brought Swedes into the fight to put on the table a real agenda: overcoming the depression and the threat of war.

Challenging the leaders of the "no" campaign to publicly oppose the Stability Pact, the LaRouche Youth were able raise the debate, to how to begin a constructive coordination among European nations, on finding solutions such as Lyndon LaRouche's New Bretton Woods, and the construction of the Eurasian Land-Bridge as the driving force for the world economy, and peace and security for sovereign nation-states. Alongside Sweden's university students, they organized collaboration among youth internationally, to take responsibility for the future world which they will live in.—*Ulf Sandmark*