

Bretton Woods Debate Breaks Out in France

by Karel Vereycken

In an unexpected development, on Aug. 31, François Hollande, the outgoing general secretary of the French Socialist Party, speaking to more than 3,000 delegates gathered for the closing session of that party's Summer academy in La Rochelle, called for the emergency convening of a "New Bretton Woods conference" to deal with the systemic collapse of the financial system. "We must understand the full dimension of this crisis," he stressed. "We must not underestimate this crisis, as the right wing has done for the last year, merely because it confirms the failure of its policies," Hollande insisted. The crisis started as a financial crisis, born with the subprimes, but "contaminating the entire system that developed into a monetary crisis, and now into a recession."

Elaborating on how this provoked the food crisis and real estate collapse, he stressed, "It is a general crisis, a global crisis of globalized capitalism which is hitting hard in all dimensions. The chaos we are living through is the consequence of political choices: deregulation of the markets; monetarization of the economy; disengagement of state authorities; privatization, and organized competition among public sectors." Now, the "era of regulation," the "era of law," has arrived. Therefore, says Hollande, the first thing to do is to organize an international conference on financial and monetary matters, which could move towards the implementation of a "New Bretton Woods," aimed at "coordinating monetary policies and regulating the financial system," in order to deal with "a general, a global crisis, which is hitting all continents." This conference would ensure "the stability of the euro/dollar parities," said Hollande. Also, the world's food crisis has to be solved by increasing agricultural production in the developing sector and by defending food security.

Hollande's speech reflected a broadly shared concern about the collapse of the country, and the need to

go back to production, away from the post-industrial paradigm. Last year, former Prime Minister Michel Rocard, who had lent an attentive ear to LaRouche's analysis, had introduced a discussion paper to the party's 2007 Summer Academy calling on his fellow Socialists to face reality: The crisis is systemic, and, without a New Bretton Woods, all that remains is cheap rhetoric and self-consoling fantasies.

In a well-received address to the yearly gathering, Rocard underlined that the international financial crisis is "far more serious" than anybody had admitted publicly, so far. He stressed the "immoral character of the current variety of capitalism." If the post-war period saw 30 years of at least 5% annual growth, full employment, without any major financial crisis, he characterized the current form of capitalism as one of "moral rottenness" which the Socialists must reverse.

While up till now, Rocard had maintained some illusions about the European Union's abilities to handle the situation, he now recognizes that, "We made a big mistake in limiting our means of intervention into the economy, notably by agreeing to eliminate the Bank of France, which before had been the key for public investment, and [the situation] today forces states to borrow from private banks paying high interest rates." Getting close to a "real," i.e., LaRouche's, New Bretton Woods, based on public credit, as opposed to a Keynesian monetary system, he said that there can be no creation of wealth without public credit. Rocard added that the Maastricht criteria have pushed Europe into a Malthusian economy.

Congruent with some proposals coming from Italian Finance Minister Giulio Tremonti, the first step to be taken—without denying the serious crisis before us—would be to mobilize the European Investment Bank (EIB), whose capital can be increased outside the Maastricht financial straitjacket, and whose capital could be oriented towards infrastructure and high-technology small and medium-size entrepreneurs.

If many questions remain unanswered about the exact nature of Hollande's "New Bretton Woods" proposal, the very fact that he employed these specific words, became a political event in itself, prominently noticed by Agence France Presse (AFP), the state news agency, which covered Hollande's speech, highlighting the Bretton Woods issue, in a wire that went out internationally.

Words, akin to individuals, have their own history. Members of the French LaRouche Youth Movement

organizing outside the party convention with signboards, and handing out thousands of copies of *Nouvelle Solidarité*, the newspaper of the LaRouche-associated Solidarity and Progress party, calling on the French Socialists to wake up and formulate such a proposal. The LYM organizers also intervened into several debates with leading party officials, urging them to “Go for Bretton Woods now.” Years ago, Socialist Party officials told the French LaRouche association that “a new Bretton Woods” was a term “far too complicated” for the ordinary French citizen. However, over the last 15 years, Jacques Cheminade and his Solidarity and Progress party have tenaciously campaigned to make LaRouche’s New Bretton Woods a household concept for any enlightened citizen interested in public and international affairs. Also, over the past year, nearly 100 mayors, including two important members of the French Parliament, and several rank-and-file Socialist Party leaders, have signed Helga Zepp-LaRouche’s call for a New Bretton Woods.

The utter crushing of the Socialist candidates in 2007 by Nicolas Sarkozy, and the explosion of the subprime bubble and its consequences, legitimized the “old guard,” and parts of the Socialist Youth movement inside the party who share the Rocard outlook.

Cheminade immediately moved into this new “break-out” situation, and wrote a memorandum on “The New Bretton Woods, a Civilizational Issue,” outlining the difference between a Keynesian money regulation scheme and a real Bretton Woods à la Franklin Roosevelt, crushing the British Empire, and returning to the Colbert-Hamilton public credit creation of the American System economy revived and perfected by LaRouche. The memo was e-mailed to all the key leaders of the party.

But, even before the ink had dried, those opposing that outlook went into high gear. In an opinion column published by *Le Monde* Sept. 5, former Socialist Prime



French Socialist Party leader François Hollande, reflecting the influence of Lyndon LaRouche, has called for an emergency “New Bretton Woods” conference, to deal with the collapse of the financial system.

Minister Lionel Jospin, the man who called Cheminade’s 1995 Presidential candidacy “an accident,” and François Morin, a former member of the General Council of the Banque de France, carefully avoid the term “New Bretton Woods” while precisely proposing their own fascist Keynesian new world financial regulation scheme.

As with any professional “Delphic operation,” the Jospin-Morin piece, titled “To face the financial unreason,” starts with some not uninteresting elements of analysis of the current financial bubble and its history. For example, it denounces the wild gap between “the financial sphere and the real economy,” and to oppose global finance, it calls for “a new global counter-power.” Shamelessly, Jospin proposes that regulation “be insured by the IMF with the support of a special entity in charge of settling finan-

cial conflicts.” Finally, in the last three paragraphs, the One World currency scheme, defended by today’s Robert Mundell, and akin to Keynes’ “bancor” proposal at Bretton Woods, suddenly emerges: “More fundamentally and progressively, currency should be considered as a world public good and become the center of the new regulation.” In that context, “a merger between the IMF and the Bank for International Settlements (BIS) could inaugurate the new role which should be given to currency. In this way, the first ingredients of an international currency would be established....”

Cheminade’s latest intervention was another article published in *Nouvelle Solidarité*, titled: “True and fake New Bretton Woods,” where he polemicizes against the Jospin-Soros-Rohatyn distortion and its potential criminal consequences.

As these developments demonstrate, the genie of LaRouche’s New Bretton Woods is out of the bottle, and since the bottle exploded in many pieces, no Keynesian lunatic will ever succeed in putting the genie back.