

# EU 'New Deal' Launched: 'There'll Be a Fight'

by Claudio Celani

Italy's Prime Minister Silvio Berlusconi presented the European Parliament with an anti-Depression "New Deal" strategy for new transport, power, and communications infrastructure across Europe, in an initiative of historic importance on July 2, as Italy began its six-month presidency of the European Union (EU). The "Tremonti Plan" (named for the Italian Finance Minister) which Berlusconi presented and which Italy is pushing forward, calls for tens of billions of euros annually in new infrastructure investments financed through the European Investment Bank (EIB). In the midst of massive and growing unemployment across the continent, it is "what many people in many states in the United States would wish would happen, under the present economic conditions—large-scale infrastructure programs . . . not unlike FDR's," said U.S. Presidential candidate Lyndon LaRouche, emphasizing Italy's move at the start of his campaign webcast that same day. LaRouche, the world pioneer on transcontinental development programs, welcomed it as a "historic moment," and added, "There'll be a fight about that."

## 'A Change in the Policies of Europe'

That fight is on. Many international media have hidden Berlusconi's critically important policy announcement, by highlighting a staged provocation launched during his speech by Green Party parliamentarians from Germany—where their party is also blocking maglev railroad and other crucial new infrastructure. But the speech defines, as LaRouche noted, "a change in the policies of Europe; a change in world policy . . . a change in the world economic and financial situation."

The Tremonti Plan is a program for boosting investments in transnational infrastructure projects, in such dimensions as to reach a critical mass of about 1-1.5% of European GNP, thus having a recovery effect on production and employment. It represents a shift away from the EU's Malthusian Maastricht policy, towards a "Rooseveltian" approach to the economic crisis. In the decisive passage of his July 2 speech, Berlusconi made the Tremonti Plan the priority of the Italian semester: The EU "must increasingly act as a factor of economic growth and stability." He pointed to the "protracted weaknesses" in the economy. "The necessity [is] a more active support to the economy through an increase of public and private investments, with the collaboration of European financial institutions, in the first place the European Investment Bank. Such a strategy, in our view, must be based on

the policy of large Trans-European Infrastructure Networks. The effective functioning of the internal market requires an increased mobility of goods and services and therefore a more efficient transport network. The issue is to reconcile the legitimate request of monetary stability and financial rigor—which must not be challenged—with a larger stimulus for economic growth through investments not only in infrastructures, but also research and technological innovations."

## Opponents Want To Keep Maastricht Straitjacket

The provocation at the July 2 European Parliament session, which also involved Germany Social Democratic faction leader Martin Schulz, was expected. It was prepared by an unprecedented campaign by the international media questioning the credibility of the upcoming Italian EU presidency, given Berlusconi's alleged conflicts of interests and his problems with Italian justice. But Berlusconi himself did not ignore the disruption, but responded with a counter-provocation, accusing Schulz of being like a "kapo in a concentration camp." Berlusconi should have known that for a German, such a comparison is like calling an Italian a "Mafioso": It is a racist proposition. And inevitably, it generated an uproar and almost a diplomatic crisis between Italy and Germany, to be composed only the next day, when a cooled-down Berlusconi presented his formal apologies to the German people in a telephone call to Chancellor Gerhard Schröder.

Concerning Berlusconi's behavior, one must say: He mentioned Hamlet in his speech, warning European leaders not to follow Prince Hamlet's example—and then, he behaved like Hamlet, charging into a head-on "flight forward."

However, the issue behind the incident is not Berlusconi's conflict of interest, as a quick investigation of Schulz's record shows. Schulz repeated almost *verbatim* from an article published the previous day, July 1, in the *Frankfurter Allgemeine Zeitung*, a call by Transparency International hatchet-man Antonio Di Pietro to stop the "contagion" of the "Berlusconi disease." Di Pietro works together with Schulz on juridical, security, and corruption issues in the European Parliament. He was activated back in 1992 by the Synarchists at the American Enterprise Institute (AEI), to launch the famous "Clean Hands" operation which destroyed Italy's traditional political parties.

Much more important is that Schulz, exactly one year ago, filed a written interrogation to European Finance Commissioner Pedro Solbes, accusing the Italian government of violating the Maastricht Treaty's dreaded Stability Pact through the institution of a new financial facility for infrastructure investments, *Infrastrutture Spa (Ispa)*! In his interrogation, filed on June 27, 2002, Schulz wrote that Ispa's issuance of bonds guaranteed by the state "would in practice lead to an increase in public debt in a country which is already one of the most indebted of the EU member states. Hence it should be determined in good time whether or not the proposed action

is compatible with adherence to the Growth and Stability Pact.” Thus, the real target of Schulz’s July 2 provocation was, clearly, the Tremonti Plan which Berlusconi was launching in the European Union. Tremonti proposes to create an Ispa-like facility at the European level, under the umbrella of the EIB, to finance infrastructure by issuing yearly 70 billion euros off-budget, partly through state-guaranteed bonds. Ispa was founded on the model of the German post-war Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency).

What was seen at Brussels was the deployment against Italy of an anti-development faction. Another representative of this faction is Bundesbank president Ernst Welteke, who, asked by an *EIR* reporter about the Tremonti Plan at a public meeting in Eltville, Germany on June 30, claimed that it cannot work because it is modelled on Roosevelt’s New Deal policy, and “the New Deal did not work.” Welteke also then attempted to shift the argument to the issue of Berlusconi’s problems with legal investigations.

### Overcoming European Divisions

It is indispensable, indeed, that full confidence and collaboration be re-established between Rome and Berlin, otherwise the European Union will miss the chance of an early salvation from economic decadence. Between Italy and Germany, as well between Italy and France, the split which occurred over the Iraq War is of course still playing a role, and political resentments on that issue constitute a basis of manipulation. The Italian government, through its support to the U.S. preventive-war doctrine, has been seen as a factor of disaggregation inside the EU, and mistrust has been built up. However, what better opportunity to restore unity and even strengthen it, than the European Plan for Growth pushed by the Italians now?

An experienced politician such as Oskar Lafontaine, the former German finance minister and SPD chairman, has pointed exactly to that aspect. Not only the Iraq War, but many other issues divide Lafontaine, a traditional Social Democrat, from Berlusconi; more than those between Berlusconi and anti-corruption, anti-Italy crusader and “third-way” Social Democrat Martin Schulz. Nevertheless, Lafontaine fully supported the Tremonti Plan and wisely advised his leftist comrades not to throw out the baby with the bath water, so to speak, by sabotaging the Italian EU semester because of factional interests.

In an interview with the Italian daily *La Repubblica* on July 2, Lafontaine said: “The EU, I believe, must abrogate the Stability Pact and write a new statute for the European Central Bank. We need a policy aiming at growth. Question: But that is what Tremonti proposes. [Lafontaine answered] Yes, that is right. You see, everywhere there is a spark of light.” Asked whether Europe should adopt the Tremonti Plan, Lafontaine said, “Absolutely yes. We must correct the Maastricht mistakes. Common European investments would be the best way for the recovery.”

As for France, much water has flowed under the bridges of Paris. The French government officially announced, July 2, their backing of the Tremonti Plan. In a prepared statement, the spokesman for the French Ministry of Foreign Affairs stated that France addressed its congratulations to the Greek presidency for the quality of its work and welcomed “warmly the Italian presidency,” announcing its intention to “contribute all its support to the realization of its objectives.”

After insisting on the need for progress on the question of the “intergovernmental conference,” a kind of European constitution which will further bind all the new members, the declaration states: “We think that the presidency is insisting, and correctly so, on economic growth and employment, and we find particularly interesting, the idea of a plan encouraging great infrastructures.” This statement was preceded by an endorsement by Jacques Delors, the author of the original 1991 plan for the Trans-European Networks, and by Philip Maystadt, the head of the European Investment Bank, the body which is supposed to play a central role in the Tremonti Plan.

### Question Is the Speed of Projects

Hopefully, the Lafontaine view will prevail in Germany, and work on the Tremonti Plan can proceed as scheduled. In mid-July, the Economic and Finance Ministers (Ecofin) meeting of the EU is supposed to discuss the updated version of the Delors Plan, a new list of Trans-European Networks drafted by the Van Miert Committee. The Van Miert group presented its conclusion June 30, listing 22 new projects in addition to the original 14 of the Delors Plan. Of these 22 new projects, which include some research projects and space transportation plans as well as Eurasian economic infrastructure, 18 are suggested to be started before 2010.

When the projects are to be started is entirely a question of money, that is a political one: Within the framework of the Stability Pact, the 2010 deadline is optimistic; but with the Tremonti Plan, it becomes conservative. Among the new projects suggested, are included the Galileo satellite project; the upgrading of existing railway lines from Sofia to Nuremberg, from Paris to Bratislava, and from Gdansk to Brno; the elimination of waterway bottlenecks on the Rhine-Main-Danube river and canal system; the new railroad bridge across the Straits of Messina to Sicily; and the railroad bridge across the Fehmarn Belt.

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