

# Swedish Premier Bucks 'European New Deal'

by Ulf Sandmark

By putting on the table its Tremonti Plan for infrastructure investments, Italy has forced a European-wide economic policy fight out into the open. The Tremonti Plan offers Europe a chance to get out of the current deep economic depression, without repeating the terrible mistakes on the continent in the 1930s. This is why Italian Finance Minister Giulio Tremonti calls his plan, a "European New Deal." It is the most important development on the economic front in Europe since the post-World War II Marshall Plan.

With this plan for financing investments in infrastructure and scientific research in the order of 70 billion euros per year, the trend of rising unemployment and murderous cuts in social services can be reversed. Tumbledown infrastructure like roads, energy production, dams, and health care can be rebuilt. Every pro-growth, production-oriented person is happy for this chance to kick-start the economy and save the general welfare.

But crawling out of the woodwork everywhere in Europe, are the fanatical Maastricht Treaty budget-cutters, promoters of financial speculation and other shady players on the financial markets, complaining that the Tremonti Plan violates the Stability Pact of the European Monetary Union. One of them is Swedish Prime Minister Göran Persson.

## Infrastructure, or Greenspan-Like Rate-Cutting

Pushed to comment on the Tremonti Plan, Persson, a Social Democrat, openly took the side of the financial oligarchy. The Swedish leader was quoted on July 20, by the liberal Stockholm daily *Dagens Nyheter's* online edition, saying that he doesn't believe much will come out of the Tremonti Plan, because infrastructure investments constitute only a fraction of the GDP. (The idea of the Tremonti Plan is precisely to raise that fraction considerably!) "It is difficult to see the stimulating effect of it. But then, I believe that what the European Central Bank is doing is more important," said Persson, expressing the futile hope that continuing to lower interest rates will, someday, finally have a stimulating effect.

The European Central Bank has been the chief guardian of the Stability Pact, the instrument by which the financial "markets" have put a straitjacket on the European economies. Arbitrary, purely monetarist conditions have been put on the member nations of the European Monetary Union (the budget deficit must not be more than 3% of the GDP, public

debt not more than 60% of GDP). The Tremonti Plan is the clearest expression of an attempt from the side of the politicians to take back control over the economy from the sinking "markets."

By way of precaution, the Stability Pact is being buried, without being officially declared dead. Officially, the Italians, who hold this semester's EU Presidency, are saying that their infrastructure plan is not in violation of the Pact. But their deeds, if not their words, have forced the defenders of the Stability Pact out into the open. The latter are now throwing themselves into an hysterical defense of the Pact, admitting that the *raison d'être* of the European Monetary Union is the Stability Pact and the European Central Bank's (ECB) control over economic policy.

Suddenly the power constellations which so far have blockaded a way out of the depression, are exposing themselves. The big banks have no intention of allowing the European Investment Bank (EIB) to lend EU 70 billion per year for infrastructure and scientific research. They don't want competition from any state-controlled financial institution against their control over the credit system. "All power to the market!" they chant; politicians should have no control whatsoever over either the central bank or economic policy.

This is what Lyndon LaRouche speaks about as the "feudal relic" in Europe, the remaining feudal control over the European populations. In a crisis like the present one, the big banks, through their power over credits, can decide which companies will survive and who will control them, and often thus, which governments will be destabilized.

One of the most hysterical embracers of the Stability Pact expressed it this way, in an editorial in the Swedish conservative daily *Svenska Dagbladet* on July 16, after French President Jacques Chirac had said publicly that the Stability Pact should be revised: "The controversies around the Stability Pact demonstrate that the European Monetary Union is needed and fulfills its function. Without the EMU, it would be easier for politicians playing to the gallery to allow budget deficits and public debts to skyrocket. Now they cannot escape."

This statement will not bring Göran Persson and his monetarist allies in the conservative camp any more "yes" votes in the upcoming referendum on Sept. 14, on whether Sweden should join the European Monetary Union. In spite of a massive campaign to scandalize the Italian EU Presidency and especially Prime Minister Silvio Berlusconi, the Tremonti Plan has been given the go-ahead by the EU Commission (July 9) and Ecofin (the EU members' finance and economic ministers, meeting July 15). The Commission and the European Investment Bank are to iron out the details of the plan by year-end.

Just as in the beginning of the 1930s, when the Lautenbach Plan offered Germany a window of opportunity to prevent a fascist take-over of Europe, the Tremonti Plan now provides a similar chance.