

in the fields of laser and particle beams, fusion and plasma processes, materials research (superconductors, etc.), optical biophysics, AIDS research and manned space travel.

5) A corresponding educational reform, which combines the Humboldtian education ideal with the fostering of creative thinking in the realm of modern natural science.

6) Encouragement of a productive small and medium industrial force (*Mittelstand*) in industry and agriculture through tax incentives and generous tax deductions.

7) Two-tiered credit system: low-interest (2-5%), long-term credit for investment in construction, trade, and production; high-interest credit for non-productive purposes.

8) New credit creation in the form of bonds from European national banks in the order of several billion DM per year, which are earmarked exclusively for productive investment in capital intensive areas, and therefore not inflationary.

A unique historic opportunity, like the one opened by the disappearance of the "iron curtain," demands unusual steps, as, for example, in the F.R.G., the change of Bundesbank laws regarding private credit monopoly.

If Europe's governments actually put this program into effect, they will create the conditions for immense private investments. The numerous unemployed, in part highly skilled labor, can be productively employed once again. The living standard and technological level in eastern Europe would not only reach that of western Europe, but utterly new branches of production would come into being. So, too, on a private economic basis, would a new economic miracle occur.

The realization of the "Productive Triangle" is not only the sole means to reconstruct the economy of eastern Europe and the new German states; it is also the only possibility of putting the peaceful transition from totalitarianism towards a free society in the Soviet Union on the right track, without causing civil war.

At the same time, an economic miracle in Europe is the only thing which will pull the world economy as a whole out of the depression and transform the decades-old promise of "development for all peoples" finally into reality.

In place of the "new world order" proclaimed by the Anglo-Americans, which is supposed to emerge from the war, we strive for a just, new economic order, which secures peace, in that all peoples are given the same opportunities for economic and social development. For, development is the name for peace.

The conference also unanimously passed a resolution that called for LaRouche's immediate release from prison:

We consider it a loss which mankind can no longer tolerate, that the author of this program, Lyndon LaRouche, is in jail, innocent, as a political prisoner in the United States. We therefore appeal urgently to the Pope and the United Nations Human Rights Commission, to stand up for the immediate release of Lyndon LaRouche.

France pays price of its mendacity

by Jacques Cheminade

This has been translated and adapted from an article written for the French newspaper Nouvelle Solidarité.

After the military phase proper of the Gulf war, we are now entering the economic phase. This will no longer be between the "coalition" and Iraq, but, fundamentally, between the United States and Great Britain, and the rest of the world. Europe will particularly find itself targeted, as François Périgot, the president of CNPF, the French employers' association, has already pointed out.

The most idiotic illusion will have been for France to think it could be assured a seat at the victory feast, by pleading that it contributed its troops to the "coalition" effort. Illusions aside, French President François Mitterrand will receive no better portion than his friend Mr. Hosni Mubarak of Egypt.

The United States will use the lever of its military "success" in order to impose trade and monetary warfare within the Group of Seven industrialized countries, just as it did at the recent "Uruguay Round" of the General Agreement on Tariffs and Trade (GATT). In fact, the American machine is so deeply in the grip of its financial priorities that it can no longer itself produce the substance by which it assures its future; it seeks, hence, to take it from others by economic and military means.

Economic phase of war

As indicated by an article by Robert Graham in the *Financial Times* of London, which found its way into the French-language *Courier International* of Feb. 21-27, Iraq is being required to ante up somewhere around \$200 billion, the sum of its previous debt plus reparations for war damage. In the language of the *Financial Times*: "The anti-Iraqi coalition has a strong chance of achieving, in conducting economic warfare, the objectives it was unable to attain during battle."

The poor "allies," such as Syria and Egypt, certainly benefited from having some debts canceled, but are unlikely to reap any increase in the infrastructural investments they sorely need to overcome their poverty.

As for the "rich" allies (the Emirs, Saudi Arabia), they

will have to pay the price of their protection, like common grocers to some mafia godfather. Even Saudi Arabia had to borrow \$3 billion on the international markets for this. For his part, Saudi Prince Alwaleed Bin Talal had to make a \$590 million injection into the largest American bank, Citicorp, which is on the edge of failure. Emir Jaber al-Sabah of Kuwait, in turn, will be beseeched to hand over the "reconstruction" of his country, which was flattened by American bombers, against payment, of course, to American corporations.

Who will pay? The countries that have made Kuwait, the United Arab Emirates, and Saudi Arabia "rich,"—wealth siphoned off by the Anglo-American financiers—by paying their bills for petroleum. And which countries are these? Essentially, the non-oil-producing countries, which means continental Europe and Japan.

French economy in free fall

Already, France's industrial production is in a free fall. Between September and December—i.e., in four months of the military buildup in the Gulf—French overall industrial production fell 4.8% and its manufacturing production 6.4%. The INSEE index of industrial production, where 1985=100, fell from 113.5 in October to 111.2 in November, and 109.6 in December. Even this figure may be deceptively high, as it factors in the energy sector, which leaped upward because temperatures were below the seasonal average. The rollback of purely manufacturing production (outside of energy) is even more significant: From 113.6 in September and October, the index plunged to 106.3 in December.

The contribution of overseas trade to growth became, at the same time, negative. Already weakened, French industrialists were struck full force by the drop in the dollar, which reduced their export competitiveness, and which the Bush administration used as a means of cutting into markets at the expense of Europe and Japan. Hence, France's balance of trade in January registered a deficit of close to 10 billion francs, about \$1.1 billion after seasonal adjustments. The balance for manufacturing goods alone was the most weakened, with a deficit of \$1.80 billion.

The indirect cost of the American war can be easily understood in economic terms, where it is translating into a strong drop in business profits and an increase in unemployment.

In gross figures, unemployment rose 1.4% in one month (0.4% seasonally adjusted). More significant, the average length of time spent before finding a new job is now 216 days—10 days more than it was one year ago. Finally, the number of days compensated for part-time unemployment witnessed an explosion which indicates the breadth of the crisis: They increased a whopping 232% above last year.

In budgetary terms, the rollback in production will translate into disaster. In fact, the "direct" cost of the war (\$1.9-2.2 billion, of which \$1.1-1.3 billion is for the army) is not the most important. It is rather the fall in the tax revenue

base, due to the declining profits of companies, and to enormous deficit of the French Company for Export Aid and Credit, (Coface), which was forced to back up unsettled or non-performing Middle East contracts, which makes up the highest real cost. This is estimated at least to be \$4.76 billion.

The money has to be found somewhere—whence the debate between Finance Minister Pierre Bérégovoy, who wants to cut spending, and others, who would rather have a "war tax" or a "forced loan."

Wage-gouging

In reality, as we see in the case already with Air France—but also with Air Inter or the banks—it will be blue collar workers who will foot the bill for the stupid decisions of their government. The decision has been made not only to freeze wages for 1991, but also to limit benefits paid out to hourly workers for short work to \$1.96, no matter how much or how little the government compensates them. (Note that the cost of living in France is marginally higher than in the United States.) "Socialist" businessman Bernard Attali, brother of presidential economic adviser Jacques Attali, refuses to give any more under the pretext that "national [government-owned] companies have not adhered to the 1968 convention," which stipulated that the employer had to pay 50% of the previous hourly wage in compensation for jobless hours when workers were given short work.

Hence, after 10 years of Mitterrand's presidency, the wage-earners will take it on the chin for a morally inadmissible and politically unjustifiable war. But the worst is not what will have been lost, but what ought to have been gained.

One year ago, France and Germany, in the spring of 1990, were facing the prospect of a twofold "Marshall Plan," to invest in the futures of the newly freed countries of Eastern Europe as well as in the countries of Africa and West Asia.

Today, these opportunities are fast slipping away. In the East, the Soviet Union is once again the prey of its demons, and the military is claiming its own, while a large part of the American and French troops were pulled out of the European theatre. In the South, the countries of the North African Maghreb are building up resentments against France, and the rest of Africa is beset by economic and health disasters. So many responsibilities have been abandoned, so many markets lost.

In this morass, the last straw for any French patriot is to see French Budget Minister Mr. Charasse pat himself on the back for the \$1 billion gratuity the Emir of Kuwait wished so much to bestow on France after Prime Minister Michel Rocard's visit. "Worse than a mistake, a failing," a major French business newspaper, the *Tribune de l'Economie*, had to acknowledge.

What a farce: A country whose government does everything to lose its influence in the world, receives, as compensation for its terrible lack of seriousness, 30 pieces of silver from a lackey of Washington.