

## VIEW FROM FRANCE

# Is the War Economy Supposed To 'Save' Sinking Finance?

*Jacques Cheminade, the President of France's Solidarité et Progrès political party, spoke on March 16 about the financial meltdown which surfaced with the collapse of Silicon Valley Bank. That full presentation, "Pourquoi la finance a besoin de l'économie de guerre." (Why International Finance Needs a War Economy) is [available](#) in French as a 17-minute YouTube video. We excerpt here edited selections from that presentation, translated into English.*

We are at a moment when the financial crisis, or better said, the decomposition of the financial system is directly having a military effect. That is the risk of war.

President Biden made a televised address in the U.S. saying that the crisis is not severe; that there are irresponsible people who are going to be punished and that the assets deposited in those banks are completely secured. But this being Joe Biden, you might think that the opposite is true. You are right! The contrary is true and not just on the surface of things, but at the very foundation of things.

What is happening is that the whole system is falling apart. And investment works only where the more powerful investors hope to get the biggest piece of the pie. And that means Wall Street and the City of London. What do they do?

Well, they say, "We're going to speculate on energy. There is this war provoked in Ukraine, so we can make big profits on liquefied natural gas. (Who cares about the ecologists? The gas is originally from shale.) We are going to speculate on everything that Europeans need. And we'll make a lot of money!"

But, that's not the main thing. The essential is: "We're going to invest all of the money where it's really profitable: the war economy!" And that's how you will better understand the meaning of what you hear when European Commissioner Thierry Breton and [French] President Emmanuel Macron say: "We are in a war economy." That's what the war economy means!

We are going to invest in the military. You have to know that today, if you take the 2019 figures of military spending, Russia is approximately at \$65 billion; China is at a little less than \$300 billion; but then, the United States was already at \$800

billion. Today, it is at \$850 billion. This is humongous!

Of \$2,200 billion of military investments everywhere in the world, the United States is at \$850 billion, a little more than a third. With Macron in France, we have more than \$40 billion, Germany, \$100 billion, Japan is rebuilding its armament. We are in a war economy!

What does it look like? It looks like Weimar Germany, at the time of the rise of the Nazi regime. In military spending, we have gone from 2% to 20% of the budget inside of two years.

It was Nazi Economics Minister and Reichsbank head Hjalmar Schacht who had built that financial system. And, at a certain point, he saw that the financial system was going to be overwhelmed. He said to Hitler: "We should moderate our military expenses." Hitler said "No." And he fired Schacht, saying: "We are going to make these military expenditures, and with that, we will get money from others by threatening them or by destroying them."

## **EDITORIAL**

That's what happened under Hitler. But Schacht's system was the problem.

Today, we are in the military phase of a system which resembles that of Schacht's infamous MEFO bills. The entire world economy is now in a war economy. War means that we kill, and this means we die!

This is where we're at. This is what this crisis means. For the moment, maybe it's secondary, but it is fundamental that the fault in the whole world monetary system is leading us, inevitably, into a war economy.

This is what I wanted to tell you today. You have to know where we are at, and what the danger is. In order to get out of this, we require a new international financial and monetary architecture for the world which will give, again, priority to human and physical investment, and not to the crazy emission of money without any real return of investment. Inside France, this would

restore meaning to an economy which can no longer function. France can't continue to exist by borrowing without really producing in France. Industry now represents no more than 9% of our GDP.

Agriculture is going under, even if the price of wheat and of a lot of agricultural products have increased, because of speculation. But, this is all pure speculation. There is no longer any physical reality; there is only the speculative monetary and financial reality.

So, we have to get out of this. France has a destructive financial system in which we have fictitious capital which determines the economy; it is fictitious because it leads neither to human production, that is, for what is appropriate for human beings, nor toward the production of goods.

All our nations are sliding more and more into financial speculation. That's what we have to get out of. This is what I wanted to tell you today, because it is a question of life and death.