

Report from Bonn by Rainer Apel

No peace without economic stability

A conference in Vienna addresses aspects of the volatility of the world economic crisis.

At a time when diplomats are entering another round of talks about "peace" in the Balkans, little attention is being paid to the vital question which was at least posed after the end of World War II, namely: Where should the economic and financial muscle of postwar recovery come from?

The approach toward Bosnia is typical of a situation in which the economy only enters into the debate about peace policies in a negative way—in terms of fiscal constraints posed by austerity-minded governments. No long-term planning for defense and stability is possible, under such scandalous circumstances.

Because of this handicap, a Sept. 18-19 conference in Vienna on "Economy and Security," organized by an Austrian pro-defense lobbying group, Info-Team, is worth mentioning. The conference didn't offer comprehensive solutions, but warnings about the economic-monetary situation internationally that are hardly ever addressed in public, at least signaled awareness of the crisis.

For example, Oliver Adler of the Swiss Banking Corp., who was one of the main speakers, criticized leading politicians in the West for promoting populist themes such as "migration" or "labor costs" as alleged "big threats" to social stability and security. In reality, the threats posed by these factors, are far less dangerous than the threats that emerge from monetary instabilities of the type Europe has experienced since 1992, Adler said. Politicians tend to tell the voters that social welfare is "too costly," without ever addressing the fact that

one needs a functioning economy that can produce to provide for the general welfare.

But there are no ideas presented by the elites as to what a functioning economy would look like. Instead, the so-called "Maastricht II" second phase of the European Union is worshipped as something that will mysteriously solve all problems. This is an alarming sign, because there are many indicators that social explosions are coming even in the relatively stable economies of western Europe, Adler remarked.

Peter Doerfel, of the Austrian National Bank, was even more direct. As far as western Europe as a whole is concerned, he said, it remains a very strange fact that for almost 20 years, Europe's politicians have not produced anything that comes even close to the early-1970s designs for a European Monetary Union. The designs were hastily buried when panic broke out during the oil crisis of 1973, which blew out the Bretton Woods system and replaced it with currency "snakes and tunnels and all kinds of such things" that cannot be called real policies, Doerfel said.

He warned that the biggest problem faced today, is the existence of a world monetary and financial market without any rules, that allows transactions of \$1 trillion a day to be carried out by gamblers. The so-called "data" that are projected on their computers, and which they believe decide the "ups" or "downs" of the market, are far from any reality, Doerfel charged. Having tolerated these things for too long, the world finds itself in the uncanny role of a sorcerer's apprentice

that does not know how to keep control of the situation.

Hubert Ettl, of the Austrian Labor Federation, said that the big threat that is never given attention in all the scenarios about future threats to world social and political stability, is the existence of the so-called free market, "an autonomous, genuine form of threat" to the functioning and well-being of entire national economies that must be put under control, before it continues unabated to undermine the nations of both the industrialized and developing sectors.

The "free market" also came under attack from Hans Androsch, a former Austrian cabinet minister who is now chairing an international consulting firm. He called it a great illusion to believe that after the collapse of the former Soviet bloc, the liberalist West could benefit from the weakness of the East and continue business as usual. He gave the example of "two drunkards supporting each other to keep from falling," to describe the Cold War era. Now that the eastern drunkard has fallen down, the western one is tumbling as well, he said.

The West, Androsch remarked, seems to have forgotten its founding principles, those of the American Revolution of 1776, namely, the preservation of "life, liberty, and the pursuit of happiness," as a universal value valid for all of mankind. The mission of the West should be to make sure that "Mercury, instead of Mars, dominates the stage," but selfish interests in the western elites prevent that from happening. Androsch cited the case of Poland, where, since 1989, the agricultural sector has been "thrown back to the level of 1800." But as the economic basis of freedom is rapidly eroding in Poland, so it goes also in the West, he warned, quoting from Goethe's *Faust*: "Only he will gain freedom that achieves it anew, daily."