European Union: the monster of Maastricht

by Gabriele Liebig

The importance of the treaty on European Union, which was negotiated last year and signed on Feb. 7, 1992 in Maastricht, The Netherlands, has been underestimated, for two reasons. First, the treaty only became available to the public a couple of weeks ago—and that includes the representatives to the national parliaments and state legislatures, who had no role in the preparation of the treaty, just as they are not supposed to have any role in the future European Union.

Second, the treaty has generally been seen as necessary to ensure the economic and political cohesion of the European continent, and for that reason there has been a tendency not to view it with any suspicion. In view of the economic collapse of the United States, which, according to the "Webster Doctrine," is engaging in a more and more aggressive trade war against its allies (rivals), and also in view of Japan's technological superiority, it has been seen as necessary for Europe to stick together.

However, a careful reading of the text of the treaty (which is scarcely comprehensible to the normal citizen, with its 17 protocols and 33 declarations, taking up 253 pages) would make the hair of even its most ardent proponents stand on end. The treaty is a monster: National governments and parliaments lose their entire influence over the future of their countries' economic, financial, credit, trade, and budgetary policies. Also urban and rural planning, the administration of water resources, and energy policy, will all fall under the jurisdiction of the European Community (EC) bureaucracy (Article 130s). Indeed, there remains no aspect of economic and social life of the European states that is spared from the provisions of the treaty. The control of the principal economic parameters by a supranational power structure is total.

Feudalism, not democracy

The expression "denial of sovereignty" seems too mild. What the signers of the treaty have really authorized is a "denial of democracy."

The executive of the European Union consists of the European Commission and the Council of Europe. The 17 members of the EC Commission will be named by the governments of the respective member states—i.e., not elected by anyone—and will in no way be bound in their decision-making. On the contary: "They must neither solicit nor accept such direction from their governments or any other body." The Council of Europe will continue to be composed of appointed ministers of the member states. The members of the European Court and Court of Editors will also be appointed.

The only popularly elected body is the European Parliament, but, according to the Maastricht Treaty, it will not have a great deal to say. The possibility of a vote of no confidence against the EC Commission, for example, will not exist. Its role will be limited to consultation, expression of views, and fielding complaints from the population. This reminds one of the function of a chamber of deputies in a feudal regime.

While under feudalism, the monarch rules sovereign over all, this "absolute" position is usurped in the Maastricht Treaty by the independent European Central Bank System (ECBS), which will be led by the board of the European Central Bank (ECB) and the governors of the central banks of the individual states. Article 107 of the treaty and Article 7 of the statutes of the ECBS prohibit any attempt at political influence, and proclaim full "independence."

The European Central Bank System certainly does not govern "by the grace of God," but rather by the grace of the

European financial establishment, that oligarchy of noble families and money, of which Walther Rathenau said back in 1909: "Three hundred men, who all know each other, steer the economic fate of Europe and choose their successors from among their own ranks."

The only task of the national parliaments and the state legislatures, then, is to change national laws to bring them into accord with the Maastricht Treaty. If they don't do this, then the member nations will be in violation of the treaty, and will be threatened with reduction in EC status, deprivation of voting rights, or with punishment by the European Court.

An iron hand to impose austerity

In France, Denmark, and the Federal Republic of Germany, there has been criticism of the Maastricht Treaty, but most of it misses the point, which is that the treaty for European economic and monetary union contains nothing in the way of a program for rolling back the economic depression. It represents rather the effort by European governments, under the guise of European unity, to put into a place a gigantic mechanism for austerity.

The best way to stop the depression, is to launch a Europeanwide infrastructure program that would rebuild eastern Europe. A program for this by Lyndon LaRouche, known as the Paris-Vienna-Berlin "Productive Triangle," has circulated widely throughout the continent. Through such a common task, Europe, both East and West, could grow together, both economically and politically. The financing of such an infrastructure program requires a shift to a policy of productive credit creation, whereby the respective central banks would, like real national banks in the Hamiltonian sense, provide low-interest, long-term state credits, exclusively for crucial categories of production and for raising the productivity of enterprises.

Yet under the Maastricht Treaty, the very possibility of this is doubly and triply forbidden:

1) The "independence" of the European Central Bank denies the very possibility of independent dealings by any national central bank, for example, in the direction of productive credit creation.

2) Article 104 expressly forbids "any kind of credit from the European Central Bank or the central banks of the member states to institutions or EC bodies, central, regional, local governments, or other public authorities, other establishments of public law or for public undertakings of the member states."

3) According to Article 104a, the private banks are also not allowed to give any favored credits to governments and the above-named institutions.

4) Allocation of productive state credits, for example in the form of Treasury paper or bank notes bound to specific projects, is also circumscribed in Article 105a, which gives the European Central Bank the "exclusive right to authorize the issue of banknotes within the Community."

Enforcement measures, like the IMF

At the core of the Maastricht Treaty are Articles 103 and 104, on economic and monetary policy. All the member states subject themselves to surveillance of their economies. If they go against the economic policy of the Council of Europe, they can face sanctions. All the other clauses dealing with various areas of European cooperation are vague and ambiguous, by comparison with the provisions governing economic and monetary policy.

For example, the budget deficit of the European states is not to exceed 3% of gross domestic product, and state debt 60%. Yet the deficit of the Federal Republic of Germany, Europe's most productive economy, was already 4% of GDP in 1991. In Belgium it was 6.3%, and in Italy 9.6%. Belgium's state debt reached 124% of GDP, and the Federal Republic will reach the 60% point in 1997 at the latest. This means that under Article 104c, practically all the EC countries are threatened with reprisals.

This is quite similar to the policy of the International Monetary Fund (IMF). In case of the risk of a state exceeding the allowed limits as to deficit and debt, the EC Commission prepares a report. The Council evaluates the report, and secretly recommends to the state measures to remedy the situation. If the state does not comply, then the recommendations of the Council are made public. This is scheduled to begin with stage 2 of the European economic and currency union, which takes effect on Jan. 1, 1994 at the latest.

In stage 3, when the European Central Bank System is set up, even worse reprisals loom: If the state concerned does not act in accordance with the recommendations of the Council, the Council will issue an ultimatum, a deadline by which certain measures must be taken. After the ultimatum come sanctions, such as "to require the Member State concerned to publish additional information, to be specified by the Council, before issuing bonds and securities," or a credit embargo ("to invite the European Investment Bank to reconsider its lending policy toward the Member State concerned"), or "to require the Member State concerned to make a non-interest-bearing deposit of an appropriate size with the Community until the excessive deficit has, in the view of the Council, been corrected," or finally, "to impose fines of an appropriate size."

This would only increase the mountain of debt of the country concerned. Such an austerity mechanism, under depression conditions, can only have murderous results.

The irrevocability protocol

Article 104c has caused some nervousness in the Federal Republic. The *Frankfurter Allgemeine Zeitung* of April 27 demanded "improvements," such as that "the transition from the second stage to the third, final stage, should not have an automatic character." It is precisely such an automatic character, however, that the EC governments have already signed on to. The "Protocol on the Transition to the Third Stage of

Economic and Monetary Union" is part of the treaty. It says:

"The high contracting parties,

"Declare the irreversible character of the Community's movement to the third stage of economic and monetary union by signing the new Treaty provisions on economic and monetary union. . . .

"[N]o Member State shall prevent the entering into the third stage.

"If by the end of 1997 the date of the beginning of the third stage has not been set, the Member States concerned, the Community institutions and other bodies involved shall expedite all preparatory work during 1998, in order to enable the Community to enter the third stage irrevocably on 1 January 1999 and to enable the ECB and the ESCB to start their full functioning from this date."

Only Great Britain has until 1998 to think things over, and Denmark has until a referendum on monetary union in 1996. But for all the other countries, there is very little time left to wake up. The monster of Maastricht has been signed, and the only thing that can stop its implementation now, is the refusal of the national parliaments to ratify it.

Documentation

Thuggery behind French Parliament's 'yes' vote

The French Parliament on May 6 voted with an 80% majority in favor of the Maastricht Treaty on European Union, but only after a brutal campaign of what one deputy called "intellectual terrorism" against opponents of the measure, on the part of the Mitterrand government.

Former Defense Minister **Jean-Pierre Chevènement** was prevented from delivering a speech in Parliament against the treaty, through an intervention of the executive of his Socialist Party, which declared his views "inopportune and not at all representative" of either the party or any other relevant group of French society.

Chevènement, whose "no" was backed by four other Socialist deputies, said the intervention to deny him the right to speak was additional proof of the political corruption of the Socialist Party executive. He has decided to form a new party.

Deputy Philippe Séguin of the neo-Gaullist Rally for the Republic (RPR) party gave a several-hour speech to the National Assembly on May 6, denouncing the treaty and the "intellectual terrorism" being deployed against anybody who dares attack the "new belief" of Maastricht. Whoever opposes it is immediately accused of being some sort of "nostalgic or primitive, or even worse, a mad nationalist ready to send Europe back to the demons which always caused all its evils," he said. Séguin accused Maastricht Europe of being "undemocratic, falsely liberal, resolutely technocratic." "Without a currency tomorrow, without a defense, without diplomacy, by the day after tomorrow, France will have no more maneuvering power than Ukraine and Azerbaidzhan have today."

Séguin submitted a resolution against the treaty, which was supported by some 101 parliamentarians, out of a little more than 500. The treaty will now go through further legal and legislative procedures, since France's Constitution will have to be changed in order for it to become law.

Christine Boutin, Michel Pinton, and **Alain Mayoud,** three deputies of the UDF party, wrote a commentary published in the daily *Le Monde* on May 6:

"The forced death of the franc and the birth of the ECU" are presented to us as an "historic" step toward the unity of Europe, state the deputies. "We don't believe in this currency. We don't believe in that Europe." All arguments in favor of a common currency have already been proven unfounded by most economists. A currency "is not an end in itself," but only an instrument of policy. "But where, today, is this European policy? . . . There is no response. This is the void upon which Maastricht rests."

The deputies continue that they are told the ECU will be run by a committee of functionaries who will ensure a strong ECU by fighting inflation. The real problems to be solved, however, are "the competition of the United States and Japan, aid to the Third World, links to Russia, and in France itself, excessive unemployment, disoriented agriculture, weakened industrial branches." And what about those functionaries to whom we are supposed to entrust our government, how did they solve the most sensitive matters? "We know the sad 'Havilland affair,' through which Leon Brittan . . . broke the back of an ambitious project of our aeronautics industry. The electronics industry, one of the great ambitions of Jacques Delors, collapses more each day under attack from the Japanese, in spite of all his plans and directives; the agricultural regulations concocted by McSharry reach the totally absurd levels that they freeze our land at the same time that they ruin our farmers. . . . Isn't this what awaits us, more dangerously so, with the future European Central Bank?"

Denmark: Treaty needed to prevent a 'Rapallo'

On the eve of Denmark's June 2 referendum on the Maastricht Treaty, **Ritt Bjerregaard,** Danish Trilateral Commission member and shadow foreign minister of the Social Democratic Party, endorsed the treaty in a feature article May 8 in the Danish daily *Politiken*.

Bjerregaard drew international attention in 1980, when she was the social affairs minister in Denmark's Social Democratic government, by proposing a plan to cut the Danish budget by removing funding from life-sustaining equipment for the critically ill.

Bjerregaard's argument is that now, after the communist specter has disappeared, it has been replaced by two new ghosts: those of the Rapallo Treaty and the Locarno Treaty. The June 2 referendum will decide which of these two ghosts is to shape the future of Europe, she writes.

"What was discussed at Rapallo and Locarno was basically the same which occupies us today, namely the shape of a Europe in shambles, carved up by the devastating World War I. . . . The French plan was to subjugate Germany and Russia in particular, and to keep them out of the good company. In April-May 1922, a big conference was held in Genoa, with 33 participating nations. On April 16, a representative of the Bolshevik delegation called the Germans and suggested that they sign a treaty. The next morning, they met in Rapallo, where they agreed to renounce all mutual claims of war reparations, and agreed on cooperation in various fields, among other things military (it later turned out). . . .

"When the strongest Central European power (Prussia or Germany) and Russia cooperate, they will be able to dominate Europe and direct most of what happens on the continent. These ideas are easily translated into the present day. Since the 18th century, the specter of Rapallo has been the nightmare of Danish foreign policy. Almost every time the specter—cooperation between Germany and Russia—has appeared, it has cost Denmark dearly, either in the form of lost territory, or in the form of a highly restrained foreign policy.

"On a European map, it is easy to see why things can turn out so badly: When Germany and Russia cooperate, all the other European nations become rim areas. Only England has water and land in between the collaborating Germany-Russia and would then 'normally' make an alliance with France. One of the problems after World War I was, and still is, that France is no longer a trustworthy ally. Therefore, England has oriented toward the U.S.A., and something else then has to be done on the European continent.

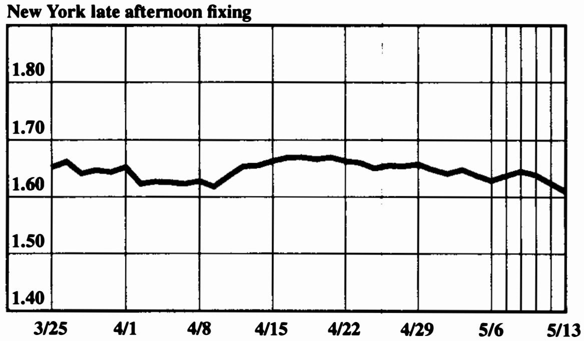
"This 'something else' can be called the Locarno ghost, after another of the big 1920s conferences. The Treaty of Locarno was another attempt to fit the defeated Germany into Europe, and the idea was that Germany made a pact with France and Belgium, guaranteed by Great Britain and Italy. . . .

"If Denmark is to influence the shaping of that Europe which, whether we like it or not, is emerging, it is a precondition that we join in the game instead of playing against it. The possibilities of maintaining an independent Danish development are greatest in a Locarno model, but this is also the one whose implications meet the largest popular opposition."

Currency Rates

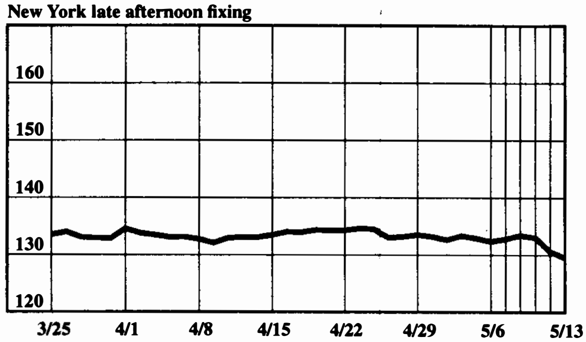
The dollar in deutschemarks

New York late afternoon fixing



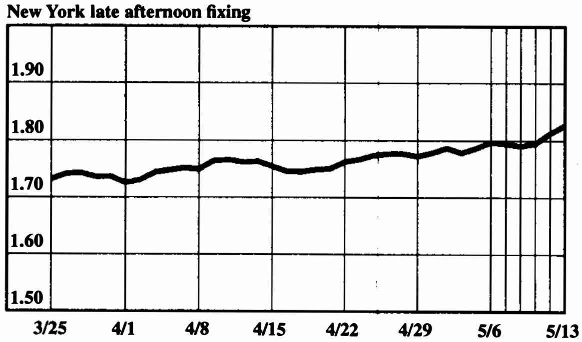
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing