

Europe at a crossroads: 'Maastricht Depression' or economic development

by Rainer Apel

Looking back at the first two weeks of June, one does not have to be a historian, to say that this has been a period with political and economic upheavals of a sort not seen since the spring-autumn period of 1989, when the Iron Curtain came down. In France, voters overwhelmingly rejected the hasty bid by conservative President Jacques Chirac to consolidate his austerity-minded majority and reconfirm his Thatcherite policies, and swept the Socialist Party of Lionel Jospin into the cabinet and the National Assembly. The Socialist landslide on June 1 was a loud, last signal to the 15 governments of the European Union to free themselves from the deadly stranglehold of the 1992 Maastricht Treaty and its timetable to implement the European Monetary Union in 1999. Like a drowning man grabbing for an anchor, instead of a life-vest, one EU member-nation after another has wracked itself with budget-cutting in order to meet the "Maastricht convergence criteria" to join the monetary union. France's throwing Chirac's Prime Minister Alain Juppé out on his ear, provides the other 14 EU nations a chance, because the vote that made Jospin the new premier was a mandate, if not a fully articulate one, by the French population for a substantial change in the government's overall policy (unemployment has soared to 12.8%) and in its European policy.

What changed in Paris on June 1, that is making the other 14 governments of the European Union so nervous? First of all, the timetables of all negotiations about the "single Europe" project have changed. Among the first official statements coming from Prime Minister Jospin's new government, was that Paris required "a moment to rethink" its policies vis-à-vis the EU. Further, Paris declared, that it did not consider France bound by the previous timetable, which had set the June 16-17 Amsterdam Summit for signing of the full package of the Maastricht agreements. Apart from causing nervous breakdowns in all other 14 governments of the EU, this also sparked a hectic round of emergency diplomacy between the 15 EU capitals and the EU Commission headquarters in Brussels, aimed at saving as much of the original timetable as possible.

The free market is a threat to civilization

It was hoped that Jospin might be persuaded to come back to the European fold at the June 6 conference of the Socialist International, in Malmö, Sweden, after much coax-

ing by his fellow Socialists. Not least among them was Labour's new British Prime Minister Tony Blair, a committed Thatcherite.

But in Malmö, Jospin declared that if, against the backdrop of globalization, Europe did not return to regulations and alter the Maastricht agreements, "the market forces, if freed of all control, will threaten the very concept of our civilization." He continued, "Today, in a situation of high unemployment, of weak growth, of increasing poverty, Europe can no longer be built on the backs of people. . . . If Europe were nothing but a space open to the circulation of goods and capital, if it should be left to the market forces alone, it would lose all sense of itself." Then, Jospin declared, in contrast to the monetarist overlays of the Maastricht agreements, that "employment must be at the center of all policies, whether national or international," and he came out in strong defense of the role of the public sector: "Throughout Europe, the needs are considerable and offer major perspectives for development and employment. Europe will not find the road to a stronger and more balanced growth, however, unless long-term, non-profitable investments, indispensable to the prosperity of future generations, can be undertaken today."

Jospin concluded his speech: "I am very attached to the idea that this notion of public services remain a central element of our model of civilization." In that specific context, called for the revival of the original 1993 plan for European-wide infrastructural development, proposed in a White Paper by Jacques Delors in his capacity as president of the EU Commission. (Delors, a Socialist, was one of Jospin's top advisers during last month's election.)

So, in the space of a few minutes, Jospin had uttered every one of those bad words that make economic neoliberals cringe. All of a sudden, the stage of European policies was open to new actors and new scripts. And, Jospin's reference to the Delors White Paper is particularly interesting: As an economic development program for Europe, Delors' proposal is second only to Lyndon LaRouche's 1989-90 proposal for a "Paris-Berlin-Vienna Productive Triangle." Both programs were tossed into the waste bins by Europe's arrogant establishment politicians of Europe, who thought that, because they were in the midst of economic globalization, riding the crest of a monetarist wave, nobody in the world could tell them what they should do. However, some

politicians, though not the most prominent ones, saved their copies, putting them into their bottom drawers—for “better days” and “better constellations” to come. Those better days and constellations are now here.

Counter to the European Central Bank

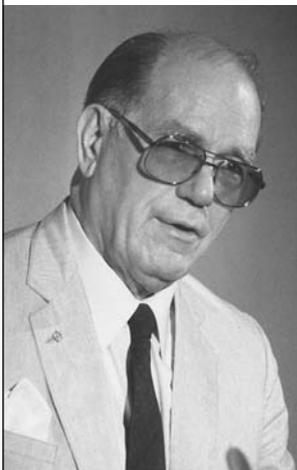
For example, Jospin’s new budget minister and a key economics adviser, Christian Sautter, told the *Berliner Zeitung* of June 3, that concerning the Maastricht agreements, an “economic board” should be established as a counterweight to the future European Central Bank. This board is to “encourage the Central bank, not to have a monetary and interest policy that stands in the way of jobs creation or of economic growth,” Sautter said, adding that it is most vital for the EU to work out a “Pact for Solidarity and Growth,” which would create new jobs. That “pact” shall be renegotiated into the agreements for the European Monetary Union. What this pact shall do, Sautter said, is to launch state-funded public infrastructure projects, such as highways, railroads, and telecommunications. Detailed projections for such projects already existed in the 1993 Delors White Paper, which the German government (pushing the line of the budget-cutting maniacs in Britain’s Tory government) rejected, on the pretext of wanting to spare the state budgets an additional burden. Now, the government in Bonn is still trying to hold onto this line, with the new

pretext of wanting to avoid “new regulations” and new “costly public sector programs”; now, Chancellor Helmut Kohl has the full backing of Britain’s Labourite Prime Minister, Tony Blair. Bonn is putting pressure on Paris to stick to the agreed paradigms and policy axioms.

So far, Jospin has said “no,” including to the long line EU politicians knocking at his door, hoping for a discussion on the issue, including Dutch Prime Minister Wim Kok on June 10 and EU Commission President Jacques Santer on June 12. On June 11, Blair flew in from London, to meet, not with Jospin, but with the conservative President Chirac, who left Blair with vague explanations as to what the French would do at the June 16-17 Amsterdam Summit. Wim Kok then flew to Bonn on June 11, meeting with Kohl, who was scheduled to go to France to meet with Jospin and Chirac in Poitiers, on June 13.

The 15 EU foreign ministers scheduled an emergency session for June 15, for last-minute discussions before the Amsterdam Summit. But behind the scenes, expectations are for the French to firmly say “no” at Amsterdam, and preparations are already under way for another summit a week later and, if that does not bring Paris around (which is what the 14 non-French governments and the Brussels EU Commission fear will not happen), for yet another emergency summit sometime in July.

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* Mondays

Anti-Maastricht sentiment in Germany

The best thing that can happen to Europe—if the French government does not go beyond its “no” and detail a positive counter-proposal to the Maastricht agreements—is for the timetable to be set back, which will also help to bring sanity to the situation in Germany. There, more and more opposition is being voiced publicly against the spirit and contents of the monetarist Maastricht agreements. For example, Wilhelm Nölling, the former governor of the central bank of the city-state of Hamburg, and in that capacity also a member of the national central bank council, said in a televised talk show on June 8, that what Germany and Europe were headed for, is a “Maastricht Depression.” Nölling wants to take the German government to the federal constitutional court, on the sound grounds that its loyalty to the monetarist principles of the Maastricht agreements violates the government’s constitutional mandate to provide economic and social security to its citizens, and that the German government has surrendered its sovereign power to fight the alarming mass unemployment, to a supranational institution in Brussels (the EU Commission) and to a European Central Bank (in Frankfurt), that do not feel bound to this constitutional mandate.

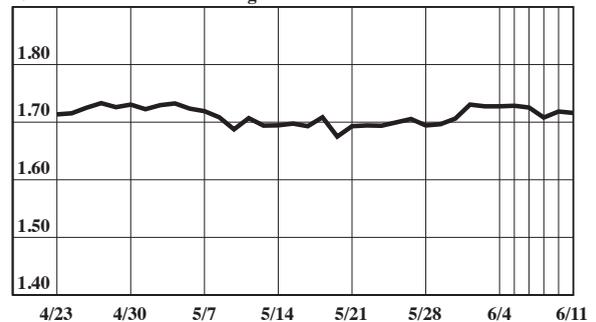
Now, what Nölling has repeatedly said in numerous interviews with the media in recent weeks, will remind many Germans of what the LaRouche movement has been telling them about Maastricht for years. This view is gaining supporters in Germany, these days. It just takes a bit more time, to develop into a political sentiment of the type that provoked France to change its government and policy. Granted, it is possible that the Jospin government will back down and allow itself to get gulled into these EU schemes, in the same way that Jonathan Swift’s Gulliver found himself tied up by the Lilliputians. It is possible, as LaRouche’s leading French associate, Jacques Cheminade, the chairman of the Solidarity and Progress party, warned on June 6, that the new Jospin government is “trying to make an omelette, without breaking the eggs.” But, for the first time in years, it is possible that a substantial change of European policies will take off in Paris. After all, it is no secret among knowledgeable analysts of the French scene, that should Jospin “not break the eggs”—not break with the austerity policy of his ill-fated predecessor, Alain Juppé, he were certain to feel the rage of the population, in a year from now or, more likely, even before.

For those in Europe who have a lot to fear from changes in Paris, the coming weeks will remain turbulent. There is a world depression, after all, that will not allow the “Maastricht Depression” to look like an “upswing,” and the pressure from labor unions, industrial associations, electorates, and societal institutions on all 15 governments of the European Union to change policies, will definitely increase. And, at this moment, the most volatile government of all in Europe, is the three-party coalition of Chancellor Kohl in Bonn—which is in the process of falling apart (see *Report from Bonn*).

Currency Rates

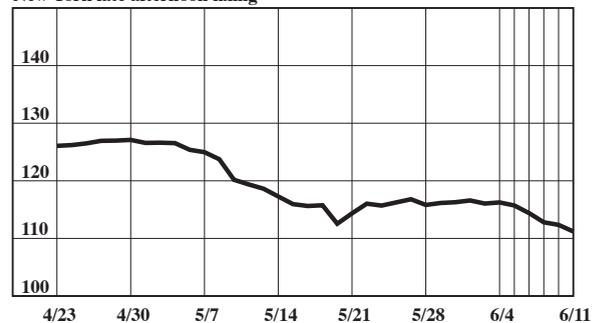
The dollar in deutschemarks

New York late afternoon fixing



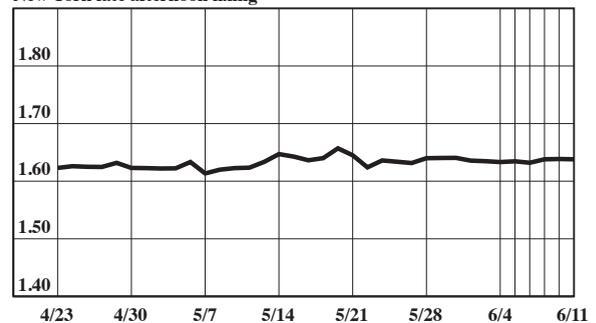
The dollar in yen

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