Europe 1992: mega-banks to dictate

When there are no longer nation-states, there will be no barrier to the power of a financial oligarchy. First of a series.

We begin here a series of articles, summarizing the conclusions of a 261-page Special Report *published by EIR Nachrichtenagentur in Wiesbaden, F.R.G., on "Europe 1992: Blueprint for Dictatorship." The report was produced under the direction of Muriel Mirak and is available for 400 deutschemarks in Europe, or $250 in the United States.*

The Single European Act, comprising 300 separate pieces of legislation, will, if completed, remove all remaining national borders and barriers to the free flow of capital, goods, people, and technology throughout Western Europe by Dec. 31, 1992. Advocates of this "Europe 1992" revolution, who say that it is modeled on the single market of the United States, argue that there is enormous benefit to be reaped from creation of a United States of Europe and a single European internal market.

The broad outlines of this historic act were ratified over a period of two years by the member governments of the 12-nation European Community, through summer 1987, with remarkably little public debate or attention. Most parliamentarians were unaware of the implications of their vote on an apparently insignificant piece of legislation. It seemed that the Single European Act would remain on the shelf along with many other Brussels bureaucratic "pipe-dreams," a piece of paper which would be debated and argued to death. Then Oct. 19, 1987 hit.

The Wall Street stock market crash and the global financial market panic created widespread fear among Europeans that Black Monday and the fall of the U.S. dollar presaged a new depression far worse than that of the 1930s. Sometime in November 1987, EC Commission President Jacques Delors was told to make a "do-or-die" push for the long-discussed Single European Act. This climate of fear over worldwide depression was to catalyze the mobilization for "Europe 1992."

The transition to "Europe 1992," the Western European *perestroika,* will not be any clear, identifiable step on Dec. 31, 1992. Instead, in an underhanded, insidious process, the 300 legislative acts contained within the Single European Act and the earlier June 1985 European Commission white paper, "Completing the Internal Market," are being enacted, piece by piece, between 1987 and 1992.

This gradual process is to minimize concerted opposition to the scheme, until it becomes irreversible. Already, following decisions at the June 1988 Hanover EC summit, Delors boasted that the "Single Europe" process was "unstoppable." Although this is far from true, the momentum is being manipulated to make it appear so for the citizenry of the EC.

Europe will be reorganized top-down. Since the Single European Act provides for total liberalization of restraints on banking and financial institutions, including insurance, in every industry there will be a bloody battle for survival. Already, under the banner of "becoming competitive for 1992," Carlo De Benedetti attempted to grab control of Belgium's Société Générale de Belgique, in a transnational raid in March 1988. De Benedetti, an Italian member of the European Roundtable, used holding companies in Geneva and France to funnel more than $1 billion in New York and London funds in a bid to grab Belgium's most valuable corporation. De Benedetti even called his international takeover syndicate, "Europe-1992."

If 12 sovereign nations suddenly agree to let financial capital flow across borders with almost no restrictions, this will guarantee that the largest and most ruthless concentrations of capital will devour the weaker. Wall Street-style raids on established industries will become commonplace. Ivan Boesky and T. Boone Pickens will ride again in Europe, in a new generation of Carlo De Benedettis or Robert Maxwells. Victim companies will be ripped apart by their new owners in U.S.-style "asset stripping," as the supranational predators repay takeover debts and prepare for the next assault. Anyone skeptical of what this will mean should examine what has

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happened to American industries over the past decade.

National laws and exchange controls limiting depredations by restricting capital flight abroad (such as have existed in France, Italy, and other EC countries) are being systematically removed as part of the preparation for a "single financial space" demanded by "Europe 1992." Since banking laws in West Germany, France, and Italy remain conservative compared to the sophisticated international banking laws that have developed in Britain over the past century, this all but ensures that the City of London will become the financial capital of Europe, as the largest and most developed such center in Europe. London's controversial October 1986 "Big Bang" financial deregulation helped clinch its role as the likely financial capital of the new Europe. Under "Europe 1992," credit will be controlled by some combination of power concentrated in London, New York, and Tokyo. The Single European Act merely codifies this fact, and certifies that the 12 nations of Europe have surrendered any remaining powers to stop it.

There will be no way to prevent the emergence of 5 to 10 "mega-banks" or "global banks," as Deutsche Bank chairman Alfred Herrhausen prefers to call them. In April 1988, Herrhausen told an audience of Frankfurt fellow-bankers his plans to transform Germany's most conservative industry-tied bank into an American-style speculative giant: "Until now, Deutsche Bank has been a German bank which has had subsidiaries in other countries. I intend to make Deutsche Bank a truly global, multinational bank, which *happens to have its headquarters in Germany* [emphasis added]."

The distinction is important. Until spring 1988, the fight was over a nation's power to control financial institutions. Now, the fight will be over who controls the bureaucracy of a European super-government and the planned European central bank.

One senior diplomat involved in shaping "Europe 1992" policy, bragged privately that it will mean "5 to 10 giants dominate in every sector by the mid-1990s." These multinational mega-banks will decide allocation of credit for Europe as a whole, including whether credit will go to the vital agriculture and industry of any member nation, or to American-style "post-industrial" projects, such as casinos, shopping centers, and luxury housing. "Europe 1992" will be a modern-day fascist economic empire, in which all the failings of Benito Mussolini will be eliminated by the Brussels bureaucrats. Power will shift to one or several administrative centers in Brussels, Luxembourg, London, or Strasbourg and away from Bonn, Paris, Rome, Copenhagen.

Until the EC heads-of-state summit at the end of June 1988, politicians of Western Europe could not be counted on to surrender their national sovereignty to the emerging supranational controls of "Europe 1992." But as the shocks of Oct. 19 reverberated across Europe in 1988, resistance crumbled in one country after the other. By June, the only issue debated was whether or not to create a single European currency and central bank. German Chancellor Helmut Kohl, convinced that German industry would be "king" under "Europe 1992," assured his eager support. France's nationalists had been smashed by the socialist, pro-"1992" François Mitterrand only days before the Hanover meeting. Italy's Ciriaco De Mita had won election as prime minister by virtue of his campaign to prepare Italy for 1992. But no one at the meeting said very much concretely about how this "Europe 1992" scheme would guarantee the promised benefits of the single market.

The plan to rule nation-states through a supranational dictatorship is, indeed, decades old. But the current blueprint for "Europe 1992" took institutional form in June 1985, following a series of meetings between EC Commission President Jacques Delors and private interests, including representatives of the Philips firm and other Roundtable members. The program is contained in the June 1985 EC white paper, titled, "Completing the Internal Market." The entire document is only 35 pages long, but it is perhaps the most damaging in modern European history since the 1919 Treaty of Versailles. According to senior EC sources in Brussels, it was pulled together in 1985 from old, dust-covered EC Commission proposals into one mammoth "deregulation" opus, by Britain's Lord Cockfield, commissioner for internal market affairs.

The abolition of all barriers

The introduction to the white paper is explicit: "Unifying this market of 320 million people presupposes that Member States will agree on the abolition of barriers of all kinds, harmonization of rules, approximation of legislation and tax structures, strengthening of monetary cooperation and the necessary flanking measures to encourage European firms to work together." What does this entail?

> The objective of completing the internal market has three aspects:
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> • First, the welding together of the ten, soon to be twelve, individual markets of Member States into one single market of 320 million people.
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> • Second, ensuring that this single market is also an expanding market—not static but growing.
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> • Third, to this end, ensuring that the market is flexible so that resources, both of people and materials, and of capital investment, flow into the areas of greatest economic advantage.

The crux of the issue is the third point: "greatest economic advantage." The question is, by what measure? For whom?

The most important aspect of the abolition of barriers is the provision that companies will be allowed to operate freely in all 12 countries, if they are now allowed to operate in any one. Under the rubric "removing technical barriers,"

the EC proposes to allow giant multinational companies such as Philips, Nestlé, or Unilever to grab up monopoly power over markets. The white paper explicitly calls for cartelization of industry and finance: "The Community will give the large market its economic and industrial dimension by enabling industries to make economies of scale and therefore to become more competitive."

No more veto power

The Single European Act includes a little-understood bombshell in Articles 6 and 7, now incorporated into the original Treaty of Rome as a new Article 149 (2). These articles eliminate the most vital defense of national sovereignty against the supranationalist schemers, namely, the right of a single member-nation to kill dangerous legislation through veto. This veto defense is now gone in every aspect covered under the 1992 Single European Act. The only vestiges of the former veto power, those under the Common Agriculture Program, have been made irrelevant since the Feb. 13 EC heads of state agreement on capping agriculture spending up to 1992, through a series of "automatic stabilizers."

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Characteristically, the elimination of veto power is termed, "Co-operation Procedure." Voting by "qualified majority" now replaces the national right to veto. The only other option is to leave the European Community. No longer is it possible for a de Gaulle to block catastrophic EC legislation by a strong national stand.

The European Federal Reserve Bank

Of all the features of the "Europe 1992" financial reorganization plan, the most heated policy battle is being fought over the issue of whether or not to create a new European central bank, free of any national political interference.

On June 28, 1988 European Community heads of state named EC Commission President and former Bank of France official Jacques Delors, to head a committee to recommend proposals for creation of a new supranational European Central Bank in the context of the "Europe 1992" market liberalization. The Delors committee includes 12 Bank for International Settlements central bankers from the EC countries, a Trilateral Commission economist from the Schmidt-Giscard Committee for European Monetary Union named Niels Thygesen, BIS Executive director Alexandre Lamfalussy, and Bank of Italy director Tommaso Padoa-Schioppa. Padoa-Schioppa and Lamfalussy are both Bilderberg insiders as well. This banking elite will decide the ultimate question of national sovereignty for the New Europe: a nation's right to print currency and control its nation's credit and interest rates. Not surprisingly, it was this issue that provoked howls of protest from Britain's Thatcher, who swore that Delors's dreams of supranational government would not be realizable in her lifetime.

The present chairman of the Bank for International Settlements, William Duisenberg of the National Bank of the Netherlands, another Bilderberg insider, told a gathering of the American-Dutch Chamber of Commerce in Amsterdam on June 2, 1988 that the fundamental aim of such a European Central Bank must be price stability. In order to ensure this, the supranational central bank must be fully "autonomous," divorced from any national or other political influence, he said: In short, there must be a central bank dictatorship over the about-to-be disenfranchised 320 million people of Western Europe.

The designated body which will draft the plans for creation of an autonomous European Central Bank is made up entirely of bankers, the same policy circles who have wrecked industrial growth across the planet over the past decades, and created the "global financial markets" which led to Oct. 19, 1987.

The proposals of the Delors Commission are explicit. In 1987, Padoa-Schioppa delivered a commissioned report to Delors titled, "Efficiency, Stability, Equity." The report outlines how the EC Commission should proceed to create a supranational central bank dictatorship over the 12 nation-states of Western Europe. Delors was so excited by the Padoa-Schioppa report that he wrote his own preface to it, and insisted Padoa-Schioppa be named executive secretary to his group drafting the central bank scheme for 1992.

Delors explicitly calls for what he terms, "creative destruction." His Nietzschean idea is that out of chaos a New European Order will emerge. The deregulation measures embodied in "Europe 1992," he foresees, will unleash wild speculative gyrations and economic anarchy across Europe. National governments will realize they have surrendered national powers to control this chaos, but that no other power yet exists to reestablish order. This is the setting in which the European Central Bank will be implemented "by popular demand," Delors and Padoa-Schioppa argue.

Delors admits that the "liberalization of capital flows will diminish the capability to control internal and external shocks." Therefore, to "ensure maintenance of stability, national economic policy will have to be more closely coordinated." His idea of "coordination" is not, however, some

loose consultation among sovereign national governments. Delors endorses what Padoa-Schioppa calls the "subsidiary principle," or the heart of the "European federalism" of 1992. According to this subsidiary principle, the supranational Brussels-centered powers will transfer to Brussels only that which cannot be adequately handled by local or regional government. Of course, it will be Brussels, not national EC governments, which will decide what is "subsidiary."

Padoa-Schioppa argues that because the liberalization of Europe's internal market will clearly create more wealth in the European Community, "We must handle this new wealth from a central standpoint. This means that the EC must be given more power for regulation. The EC must control the overall budget." He continues, "The European Commission must coordinate macro-economic policies, and for that you must abolish protectionism. The EC must have the power to ensure there is real competition, not protectionism."

Tommaso Padoa-Schioppa has for some years been one of the most instrumental figures behind wider use of the European Currency Unit, the EC common accounting basket of weighted national currencies used primarily to reckon intra-EC agriculture subsidies and prices until now. The 1979 implementation of "phase one" of the European Monetary System, the EMS, under the auspices of then-Chancellor Helmut Schmidt of West Germany and France's President Valéry Giscard d'Estaing called for coordinated central bank support of EC members' currency stability within a narrow fluctuation range—the "snake"—against foreign pressures such as the dollar. "Phase two" of the original Schmidt-Giscard proposal contemplates the creation of a common European currency for all public as well as private transactions within the 12 nations of the EC, and a single supranational European Central Bank to control this monetary centralization.

The European Central Bank is no abstract idea. On June 23, 1988, Samuel Brittan, brother of Leon Brittan, the Thatcher government's appointee to the Brussels EC Commission, wrote in the leading pro-"Europe 1992" London financial daily, *Financial Times,* on the plans for creating a single European currency and central bank: "Few people realize how far the governments of the European Monetary System have already committed themselves." Already on Feb. 3, a West German cabinet resolution declared, "The longer-term goal is economic and monetary union in Europe, in which an independent European Central Bank, committed to maintaining price stability, will be able to lend effective support to a common economic and monetary policy."

Citing private discussions with leading European central bank figures, Brittan emphasizes, "The key issue is the abolition of exchange controls and the freeing of capital movements by 1992 as part of the unified market. *By then it will be almost impossible for EMS countries to pursue independent monetary policies or even to impose different reserve requirements on their banks* [emphasis added]."

The new Europe and the 'Pax Sovietica'

On June 24, 1988 a formal agreement of recognition was signed between the East bloc's Council for Mutual Economic Assistance (Comecon) and the European Community in Hanover, West Germany. The press coverage in Western Europe portrayed the signing as a primarily "symbolic" indication of mutual desire to improve trade ties in the future. In a series of negotiating sessions last December in Brussels between EC representatives and Comecon officials, it was already clear that "the Soviet side was the most keen to press ahead with the process of normalizing relations," as one Brussels observer put it. Why the surprising reversal after so many years of insisting that the EC is merely an economic organ of "NATO imperialism"?

An indication of the answer was contained in an Aug. 3, 1988 feature in the leading Soviet weekly, *Literaturnaya Gazeta,* with the byline O. Prutkov. Prutkov, in a rare example of what might be called Soviet "self-criticism," noted that, "Western Europe, with 320 million inhabitants, has a huge economic potential, greater than the United States, bigger than the Soviet Union or Japan. *We have not always correctly evaluated the perspective of its development and possibilities of economic integration* [emphasis added]." Referring to the recent EC-Comecon mutual recognition as "the first steps to mutual cooperation," Prutkov called for "Europe 1992" to become a "Common European House of a non-nuclear Europe from the Atlantic to the Urals."

In short, Moscow is more than passively interested in the enormous economic potentials of a Western European market, integrated and disarmed, on its western borders.

On Aug. 18, 1988, only days following the signal piece by Prutkov, EC Commissioner for External Relations Willy de Clercq, also a Trilateral member, took a "step of incontestable importance for the improvement of the commercial climate in Europe," when he announced approval of the formal request by the Soviet Union, Czechoslovakia, East Germany, Hungary, and Bulgaria to establish diplomatic ties to the European Community. On July 1, Soviet External Economic Bank officials indicated their intent to bolster the EC's common supranational currency by pricing import contracts and credits in ECUs rather than national currencies.

A remarkably frank insight into what is behind this recent courtship between the EC Commission and Moscow's Comecon was provided by the noted publisher of French publications, Sir James Goldsmith. Writing a guest editorial in the European edition of the *Wall Street Journal* of April 15, 1988, Goldsmith outlines the thinking behind Moscow's shift in attitude: "The Soviets realize that their political system makes it impossible for their industry to compete with those of free enterprise societies. . . . So the Soviets are condemned to build on their strengths, not their weaknesses." He adds: "Their strength is military. If they are able to form a New Europe, decoupled from the United States, then they have a chance of using their military superiority to gain eco-

nomic strength before their own society decomposes."

In terms of the *quid pro quo,* says Goldsmith, the Soviets would contribute to the New Europe their military power. Western Europe would contribute its industrial and financial infrastructure. This time the Soviets would seek to avoid the mistakes they made when they acquired their Eastern European empire. They would realize that total subjugation is incompatible with economic productivity, so they would attempt to create stability by creating a protectorate rather than a colony. . . . It would constitute a marketplace of 780 million people that stretches from the Atlantic to the Urals. . . . The Soviet bloc would be perceived as a privileged marketplace for West Europe's goods.

Once the top-down controls of "Europe 1992" are in place, the wealth of the world's densest concentration of industrial labor skills and productive wealth, that of the 12 nations of the European Community, can easily be looted by the militarily overpowering neighbor in the East. Not merely some millions of tons of "surplus" butter or beef, but entire economies of Western Europe will be delivered to the insatiable appetite of the Russian Empire.

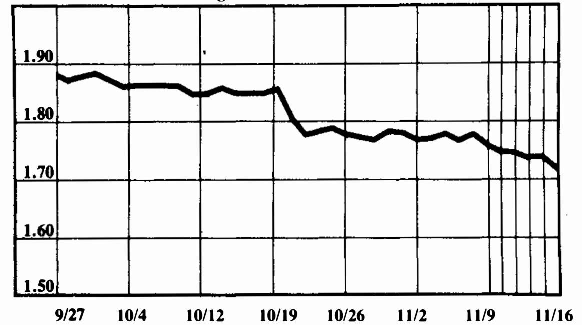
If this sounds exaggerated, consider the recent comments of one of the principal architects of "Europe 1992," Mario Schimberni, former head of Italy's Montedison. Schimberni, an intimate friend of fellow Trilateral Commission member Henry Kissinger, is a founding member of the Schmidt-Giscard Committee for European Monetary Union. On July 6, 1988 Schimberni wrote in Italy's *Corriere della Sera,* "Some Soviet leaders are pushing for a union across Europe, growing out of the agreements between the EC and the Comecon. The European Currency Unit, ECU, could be an instrument, an autonomous vehicle in a new phase of relations between the two parts of Europe." Schimberni demanded that Western European governments renounce their national "autonomy of monetary policy" so that a new European Central Bank could become the vehicle for integrating the economies of Eastern with Western Europe.

Lest any Western Europeans maintain any naive illusions about the genuine intentions of the Soviet Politburo in its future conduct of relations with Western Europe, Soviet ambassador to West Germany Yuli Kvitsinsky, addressing the June 1988 Soviet Party Conference, said that the Soviet Union must now add "economic parity" to the "military parity" it has achieved with the West. "We must strive to set up international controls over the use of economic power in relations between countries, and over the *surrender of excessive wealth (too great for the needs of some states and citizens) for the benefit of the international community* [emphasis added]." The "international community" indicated by Kvitsinsky, is not the Third World, but the Comecon bloc. He explicitly cited Europe's 1992 integration as a positive step in the process leading toward such "economic parity."

Currency Rates

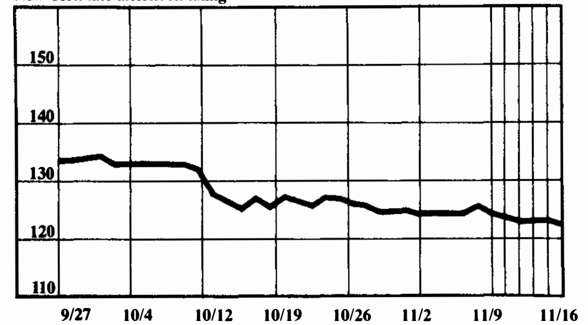
The dollar in deutschemarks

New York late afternoon fixing



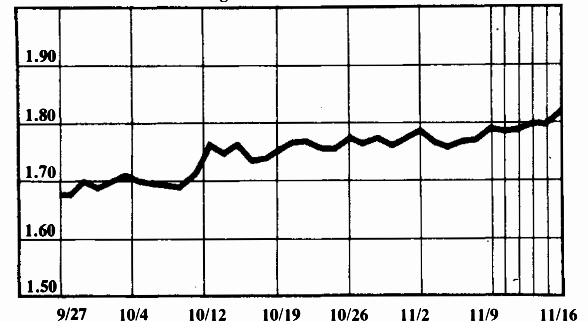
The dollar in yen

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