Maastricht: British geopolitics to destroy the nation-state

by William Engdahl

The governments of the European Union (EU) are frantically trying to cut their own throats, by implementing the Maastricht Treaty, a European version of Newt Gingrich's deficit reduction plan. In protest against the Maastricht austerity program, the public sector workers of France carried out the most extensive strikes since 1968, bringing France to a standstill in the last weeks of 1995. While the "monster of Maastricht," as *EIR* dubbed the treaty when it was signed in 1992, will have a devastating effect on the economies of Europe, its greater significance lies in the strategic domain.

According to the treaty, national governments and parliaments will lose their influence over their countries' economic, financial, credit, trade, and budgetary policies. Urban and rural planning, the administration of water resources, and energy policy, all will fall under the jurisdiction of a supranational bureaucracy (see *EIR*, May 22, 1992, p. 5).

The intention of the authors of this treaty is to wreck the nation-states of continental Europe—a typical British geopolitical operation, run through members of the British oligarchy's "Club of the Isles" inside France, Germany, the Benelux countries, etc. Some Maastricht enthusiasts have described the treaty as a new "Locarno Pact," aimed to bind the newly reunified Germany into a supranational European organ, taking away the sovereignty and economic independence of the German nation.

Criteria for membership

The Maastricht Treaty was initialled by 12 heads of state at the December 1991 annual EU summit, which that year was held in Maastricht, Holland; it was signed on Feb. 7, 1992. Its terms are a perverse mechanism which, by its very nature, ensures the paralysis of national government action of every government of Europe (excepting, at present, Britain's), at the moment when the breakdown process of the postwar International Monetary Fund financial system worldwide most urgently requires national governmental action of an extraordinary nature, outside the straitjacket of independent central banks' monetarist psychosis.

The treaty mandates that those nations that seek to form a new European currency, must fulfill four strict "convergence criteria" by 1997, two years before the stated automatic date for the new currency to come into existence, in January 1999.

Those four criteria, which are the background to the unprecedented deflationary policies of European Union governments today, call for "convergence" among member states of their national inflation rate, foreign exchange stability, public debt level, and government deficit level. The public debt must not exceed 60% of GDP. The maximum permissible annual government deficit (including public pension funds) must not be more than 3% of GDP. Foreign exchange rates must be "stable" for two years before joining the new currency; and inflation must be no more than 1.5% above the rate of the three countries with the lowest inflation.

The process toward monetary union is set out by the treaty in three distinct stages. Stage One began in July 1990 with the beginning of member country coordination among central banks and finance ministers toward the convergence goals, but under the then-existing national framework.

In January 1994, Stage Two of European Monetary and Currency Union began, with the creation of a transitional agency, the European Monetary Institute, based in Frankfurt, Germany, and headed by the former general secretary of the Bank for International Settlements, Count Alexandre Lamfalussy. The choice of Lamfalussy has a biting historical irony: The BIS was created in 1930 by the World War I victors to reorganize, into a "neutral" agency, the supervision and payment of defeated Germany's war reparations under the Versailles Treaty of 1919.

In Stage Two, each member state of the new monetary union must fulfill all convergence criteria before being eligible for admission to Stage Three. Decision on who has qualified for Stage Three is to come from a meeting sometime in 1996 of the 15 EU governments. In Stage Two, all states must also amend their national laws to make their national central banks free from political control, as well as prohibiting those central banks from financing State budget deficits.

Stage Three, the final stage of Monetary and Economic Union under a new European System of Central Banks

(ESCB) with a new European Currency, is, according to the ratified text of the Maastricht Treaty, to come into effect by no later than January 1999. But by January 1997, those member states that join, must have fulfilled all convergence goals. The closer January 1997 approaches, the greater the pressure on governments like France or Germany to reduce spending.

Any postponement beyond Jan. 1, 1999 requires a reopening of the entire national ratification debate on the Maastricht Treaty. The new European central bank, ESCB, fully independent from any political request by duly elected governments of the EU states, would act on only one criterion for its monetary policy: price stability. Rising unemployment, collapse of essential infrastructure or public services, all the areas which nations historically developed their economic and monetary institutions to deal with, are irrelevant to the new independent central bank of Maastricht.

A new 'Locarno Pact'

How did the nations of Europe come to bind themselves into such madness? The answer to this lies in the realm not of monetary theory or finance per se, but the doctrine of geopolitics, as defined since 1904 by Britain's Sir Halford Mackinder, which created the Triple Entente prior to 1914, a secret web of alliances of Britain, France, and Russia, in order to encircle Germany's growing economic threat to British "balance of power" on the continent.

The chief formal sponsor of the Maastricht Treaty was then-French President François Mitterrand, an asset of British influence since well before 1976, according to British foreign intelligence sources and Mitterrand's own consistent profile. Informed accounts indicate that Mitterrand, an opponent of German unification, struck a deal with German Chancellor Helmut Kohl as a *quid pro quo* for French acquiescence in the "four plus two" talks on German unification between the four occupying powers—the United States, France, Great Britain, and Russia—and the two Germanys. The deal was, in essence, that in return for French agreement to German unity, Germany would have to subordinate its monetary policy to a new European currency and central bank.

In December 1991, Mitterrand got the agreement of then-Italian Prime Minister Giulio Andreotti, to trap Germany into accepting the treaty's provision for "automatic and irreversible" monetary union by January 1999 at the latest. To guarantee Kohl's acquiescence, the very strict model of the German Bundesbank and the defined "convergence criteria" were incorporated into the new European central bank.

The geopolitical nature of Maastricht today is all but forgotten, but it lies at the heart of the problem. Two world wars have been fought in this century, because of the British oligarchy's determination to prevent an economic and strategic alliance among France, Germany, eastern Europe, and Russia, for the economic development of Eurasia.

It should be recalled that Prime Minister Margaret Thatcher, as early as September 1989, flew to Moscow to try to persuade Russian President Mikhail Gorbachov not to allow the two Germanys to unite. Some weeks later, Thatcher met with Mitterrand, who shared her concern about the emergence of a powerful unified German "Moloch" in the center of Europe, dominating economic policy.

Since October 1989, pro-Thatcher media in England including the *Times* and the *Daily Telegraph*, had waged a campaign to portray German unification as the first step to a "Fourth Reich." Thatcher's close friend, Industry Minister Nicholas Ridley, created an international uproar when he gave an interview to the British *Spectator* magazine in July 1990, on the event of German-German monetary union, where he compared Helmut Kohl with Hitler. Mitterrand scheduled a rush trip to East Berlin to try to slow German unification, and met with Oskar LaFontaine, who was then the chancellor candidate of the opposition Social Democratic Party, to urge him to campaign with all his energy (which he did) against the high cost of German unification.

Ritt Bjerregaard, today the EU environment commissioner, and, like Mitterrand, a member of the Socialist International, wrote an article in the Danish *Politiken* in May 1992, just three weeks before Danish voters voted "no" to Maastricht in a referendum. In her article, titled "Ghosts on the Map of Europe," she argued that Danes should support the Maastricht Treaty, as it was the historical continuation of the 1925 Locarno Treaty, a pact among France, Britain, Belgium, Italy, Poland, Czechoslovakia, and Germany, which had been devised by France and Britain to undercut the 1922 German Rapallo Treaty with Russia.

Locarno, like Maastricht in 1991, was intended to fulfill Halford Mackinder's rule that Germany and the states of central Europe never be permitted to create bridges of effective economic cooperation with Russia and eastern Europe.

Like Locarno, Bjerregaard argued, Maastricht was designed to bind Germany "firmly" into western Europe, as Gulliver was bound by the Lilliputians, and to prevent a German economic push to rebuild eastern Europe and the former Soviet Union.

Echoing this sentiment was Norman Tebbit, one of Thatcher's closest advisers and her choice as chairman of the British Tory Party. In a speech on May 12, 1993 in Copenhagen, Tebbit declared, "Maastricht was devised in order to avoid the danger that the Germany once more climb into their Panzer tanks and roll across Europe."

For the sake of this mad geopolitical doctrine, today Europe is bound on a course to economic catastrophe. It is not accidental that since September 1992, England has stood outside this, and observed the continental European disintegration. It did so also in 1931, when England abandoned the gold standard, while France and Germany, adhering to rigid orthodox monetary austerity, plunged into Depression and set the stage for World War II.