

The Pendulum of Power

by Andrew Spannaus

Antonio Maria Costa is an Italian who has worked more abroad than in his own country. He has held important positions in various international institutions for decades: the European Union, the European Bank for Reconstruction and Development (EBRD), and the Organization for Economic Cooperation and Development (OECD). He headed the United Nations Office on Drugs and Crime (UNODC) in Vienna from 2002 to 2010.

I met Costa three years ago, when I interviewed him for *EIR*. At that time, he spoke about how drug money was being used to save the global financial system. As the former UN Drug Czar, he is deeply knowledgeable about the structures of drug-money laundering and the interests that promote drug legalization for reasons that are certainly not therapeutic or transparent.

A few months ago Costa published a novel entitled *The Checkmate Pendulum* (AEF Morninga, 2014), the result of 20 years of work and study of the military, economic, and strategic mechanisms that underlie global geopolitical processes.

“Any resemblance to actual persons is unintended and coincidental,” of course, but the issue is the reality of the world today, addressed at a high level. The book’s protagonist is the television journalist Pierre G. Bosco, who, in his investigations on arms trafficking and money laundering, uncovers machinations that go well beyond what is apparent to the public: A battle is underway for global hegemony in a web of crime, finance, and politics. The story is complex and well constructed, thus absorbing the reader who is interested in questions that will decide our future.

The quality of Costa’s book allows us to discuss geopolitical issues from an elevated standpoint, even where the author’s views may not coincide with your



Antonio Maria Costa is the former Executive Director of the UN Office on Drugs and Crime (UNODC), whose novel draws on his 20 years of in-depth study of the military, economic, and strategic mechanisms that underlie global geopolitical processes.

own interpretation of global events. The author identifies the most important questions: from the role of Europe, to the clash between the Western countries and old and new competitors, principally Russia and China.

He takes a hard line with Russia, consistent with the widespread attitude in the West that sees a weak but aggressive power, ready to do anything to avoid marginalization. The pendulum of history ultimately takes us to China though, which acts very differently than the old Eurasian bear, arriving with a smile and tons of money, which is used to gradually but surely shift power towards the East.

The conclusion of *The Checkmate Pendulum* brings an interesting surprise, which raises the level of discourse from that of mere power, and demon-

strates that geopolitical processes do not take place in a vacuum. The Chinese are not driven by a thirst for domination and the desire to assert their superiority; their actions are driven by our own history and errors, which—I would add—we must face, lest we lose those positive aspects of our society that have influenced the world until now.

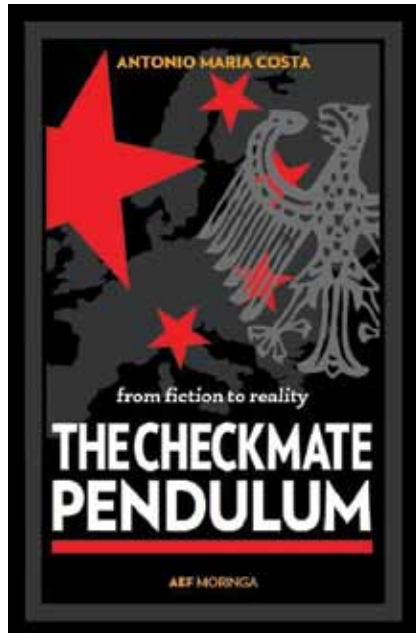
On Feb. 24, we asked Antonio Maria Costa to explain his views on some of the main questions he has raised. His written answers are below, and we can only encourage everyone to read the book, which is demanding but rewarding.

The European Union

EIR: In your book, the protagonist goes from being convinced of the need for close integration, along the lines of the “United States of Europe” (USE), to a less ambitious but more realistic approach of a “Union of European Nations.” Has the European Union gone too far in terms of taking over national sovereignty? Is there a philosophical reason that the USE cannot work, or is it a practical question in your view?

Antonio Maria Costa: At the outset of the novel, two motivations shape the protagonist’s (Pierre G. Bosco’s) attitude toward Europe. The first one is personal: His family suffered tremendously during World War II, and he grew up convinced that peace on the continent could only be achieved by melting the European nation-states into a continental federation. The second reason is strategic: He realizes that only big powers can successfully face globalization. In order to reach a global stature, Europe must unite so as to create adequate political, financial, and military muscle to confront Russia, China, and the U.S.

What caused today’s disarray in Brussels? The original EU project was about political unification, pursued by economic means (the customs union, the single market, the common currency, etc.)—not an ideal process, certainly not one driven by philosophical principles regarding democracy, freedom,



The book’s protagonist, a journalist, who investigates arms trafficking and drug money laundering, uncovers a battle for global hegemony, in a web of crime, finance, and politics.

peace—but still progress in comparison to the previous century’s wars.

Instead of continental cohesion, countries keep looking at the EU to pursue national goals. For France, a united Europe is the best way of tying down Germany. Germany needs the EU to consolidate its pre-eminence across the continent. For the southern countries, the EU is the best way to pass on the bill for their financial mess. For Eastern Europe, the EU is an insurance policy against Russia. For the Brits, integrated as they are in a common market, but separated by a different currency, the EU is another way to show insularity.

Based on shaky foundations, the integration process has stalled: The single market was never fully realized, the monetary union was not accompanied by fiscal union, a common defense policy was never achieved, countries run foreign policy according to national priorities. The hopeless incompetence of the EU institutions (Commission and Parliament) and the financial crisis (followed by depression-like unemployment conditions) caused people to grow disenchanted. At this point, historically, any attempt to push forward the concept of USE will end up in disaster.

As a consequence, as the story unfolds, the protagonist’s sentiment shifts toward a more realistic, looser form of European integration—run by the EU Council (of Ministers), rather than by the Commission and the EU Parliament. Like the protagonist, I believe that the movement towards political unification in Europe will eventually resume, though not in the current generation, or the next one. Much will depend on external pressure: The greater the threats from outside (Russia, China, even the U.S.), the greater the likelihood that the drive towards the USE will resume.

The Role of Germany

EIR: Linked to the first question is the role of Germany. In the book, there is great emphasis on investi-

gating that country's dual nature: its economic successes and positive cultural contributions, versus an apparently indomitable urge to dominate its neighbors.

Germany is widely considered responsible for the hardline budget policies in the EU now, but the overall transformation of European economies during the past 25 years runs deeper: The more industrial-based model has given way to the so-called free-market system, dominated by large financial interests that oppose state intervention, in particular, at the national level.

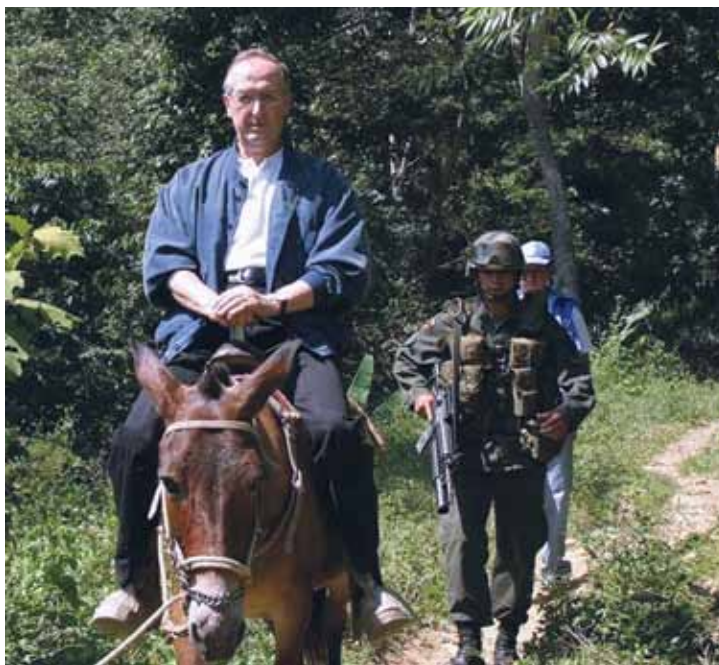
Where does the responsibility lie for Europe's economic and political crisis?

Costa: The predominant role of Germany in Europe is an historical inevitability characterized by good, as well as worrisome traits. The EU is an economic giant (with a GDP of \$17 trillion, the same as the U.S.), with feet of clay (in political and defense terms). One chapter of the book is titled: "The Europeans are Europe's biggest enemy," to underline the fact that Europe's weakness is due to its cultural fault lines—the deep gaps that crisscross the continent and separate ancient tribes. Over the course of history, by turns these cultures have conquered the continent, usually killing millions in the process.

The EU was designed and (partially) realized to avoid such catastrophes in the future: It banned wars fought with soldiers and guns. The current crisis proves the point: Strong countries (the Nordic ones, headed by Germany) as well as weak countries (the Mediterranean ones), need one another. Poor countries want money, or they wreck the system. Rich countries pursue austerity, at the risk of wrecking the system. Within Europe the fight now is all about trade and finances, not land or people. As the protagonist says, "economics, which is at the center of European integration, is the continuation of the war by other means." And in this modern conflict, Germany excels.

Finance: The 'Mammon Prize'

EIR: You have set up a website for the Mammon Prize, an award to the person or organization that represents financial greed in the most outrageous way (www.mammon-prize.com). Everyone is now aware of the role speculative finance has played in creating the current crisis, yet the few reforms of the system have been very weak, and there is widespread fear of new bubbles



As the former UN Drug Czar, Costa became deeply knowledgeable about the structures of drug-money laundering and its role in keeping the banking sector afloat. He is shown here on a visit to Colombia, in 2005.

and crashes in the coming period. In your view, are the mechanisms of greed inherent in the system itself, or is it more a question of individual behavior and a perverted culture? What measures can be taken to change the situation?

Costa: In a uniquely frank way, *The Checkmate Pendulum* presents issues that need to be addressed within and outside Europe. The novel is not against anyone, or anything—with one exception: It clearly and repeatedly criticizes the banking sector that caused the financial meltdown of 2008 and its subsequent economic crisis (think of the mass unemployment) and political crisis (think of the populist politicians taking power).

The book points to the three causes of the financial crisis: government negligence, regulatory failures, and bankers' greed. Not much has changed since the crisis. A number of limited measures have been taken in the past few years—mostly inadequate:

1. Governments remain fundamentally corrupt—not in the sense that politicians pocket money, but they still don't want to take on big business because they need its support (financial and otherwise).

2. Regulatory changes that seemed huge at the

outset of the crisis, have been gutted by the financial lobbies. Banks have been able to weaken the Basel III capital adequacy reform needed to deter risky banking behaviors. In the U.S., a key element of the Dodd-Frank legislation, the separation of commercial and speculative operations by banks (the Volcker Rule), is implemented only in a limited form. In Europe, most of the recommendations by the Liikanen report have been shelved.

The book recognizes all this, but goes beyond. It questions the notion that “banks and bankers are too important to fail or jail,” and therefore, the view that the criminal behaviors that caused the crisis were the result of a limited number of greedy people, banksters. “This is not right. There is something profoundly wrong with the banking culture in general,” the protagonist says, “riddled as it is with theft, speculation, fraud, usury and gambling with other people money.” The book urges a cultural change to bring banking back to its origin: honest intermediation between those who save and those who invest. Personally, I insist: We must put an end to the system that allows bankers to make shameful amounts of profits, while taxpayers face the costs of the risks bankers take.

The BRICS

EIR: Russia, China, and other so-called emerging countries are working together to form a bloc of nations willing to cooperate on economic development and security issues, in response to a perceived failure and hostility of the Western world.

In the fictional tale you tell, a Chinese official is the ultimate mover behind a strategy to gain power over the West by economic means, in response to the humiliation of colonial treatment in centuries past.

Do you think that this swinging of the pendulum is inevitable, with a division into competing blocs? Or would it be possible to create areas of cooperation, for example, on economic development, security challenges such as terrorism, and scientific projects? The alternative, it would seem, is confrontation and the decline of the West, a very dangerous proposition considering that neither side appears willing to lose strategic influence, and the traditional remedy for such conflicts—war—is unthinkable in today’s world of nuclear weapons.

Costa: The end of Western civilization has been discussed (and announced) by many historians before. Huizinga first, and then Spengler wrote about it. Today’s harsh reality shows that it’s happening.

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