On Its Tenth Anniversary: An Obituary for the Euro

by Nancy Spannaus

Jan. 2—Ten years ago, in the midst of fireworks, celebratory speeches, and much rejoicing in the financial centers of London and New York, the euro currency was launched. This year, the 10th-anniversary festivities for the European-wide currency, which had been heralded as the "symbol of European unity and power," were unceremoniously cancelled.

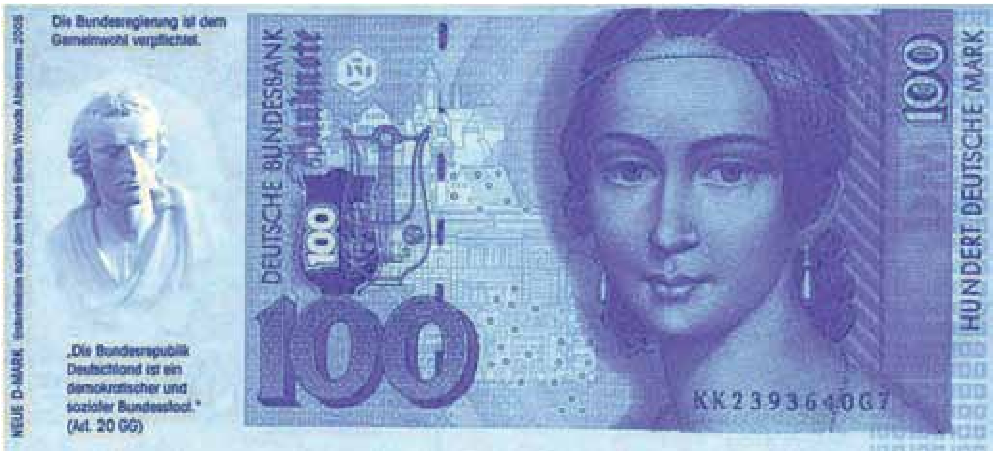
The reason is clear: It is common knowledge in Europe, and the world financial community, that the *euro* experiment is finished. The 17 nations which share the common currency have spent trillions attempting to prop up a semblance of financial stability—and that's not mentioning the additional trillions poured in from the U.S. Federal Reserve Bank. The result has been a dismal failure from any sane perspective: skyrocketing indebtedness, threats of sovereign default, genocidal austerity, coups against the democratic process, and social tensions within and between nations, up to and including the threat of outright war!

To those who have followed the LaRouche movement, this outcome should come as no surprise. From the outset of the proposals for a European Union, sealed with the passage of the Maastricht Treaty in 1992, both Lyndon and Helga LaRouche have warned loudly that the so-called "monetary union" represented nothing other than a plan for a Europeanwide dictatorship, to be ruled by the supranational financial institutions based primarily in the City of London. The explicit plan was for the elimination of the power of the sovereign nation-state, which would result, de facto, in conditions that could only be compared to a new feudalism, or fascism. And the economic and financial breakdown crisis, which was pre-programmed with the monetarist destruction of President Franklin Roosevelt's Bretton Woods system, starting in 1971, would not only not be solved, but would be accelerated.

LaRouche put it this way in his January 2002 webcast:

"The enactment and implementation of the euro in Europe, a united currency, and the spread of that into countries in Eastern Europe, ensures a major crisis. Inflation and tax rises are already on the way in Europe, as a result of the euro. It *can not* work, and *will not* work. I can safely forecast that the euro, in its present form, will be a great disaster for all of Europe. Because under the present Stability Pact, and under the Maastricht agreements, it is *impossible* for the governments of Europe—or unlawful under the present conditions—to attempt to generate the state-backed credit necessary, in any case, to revive a collapsed economy from a collapse."

Step by step, the LaRouche movement, especially its European branch, led by Helga Zepp-LaRouche, has fought to reverse the euro disaster, and its consolidation into a full-blown dictatorship, and brought significant forces into the fight. But Europe remains trapped by its oligarchical legacy, and unable to free itself of the euro corpse which hangs like an albatross around its neck.



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The time is ripe for the reintroduction of national sovereignty, and currencies, to replace the bankrupt euro system. Here, the LaRouche movement's proposed new deutschemark, featuring images of Clara Schumann and Friedrich Schiller.

To finally bury the euro, requires action by the United States to bury the bankrupt trans-Atlantic financial system as a whole, and replace it with a new fixed-exchange-rate arrangement among sovereign nations that will usher in an American System-style *credit system*. Under those circumstances, Europe will gladly join in the rejoicing, and building a real future for mankind.

What Was the Euro System?

The concept and intentions behind the introduction of the Euro system have deep imperial roots, including in the fascist movements of the 1930s.[1] Thwarted by French President Charles de Gaulle in their aim for a central European state in the post-World War II period, the advocates of the system chose to proceed step by step, to reach their ultimate objective: Eliminate the institution of the sovereign nation-state, thus removing the vital barrier to all-out looting and reduction of the population by the world financial oligarchy, currently tethered primarily in the City of London. We provide a brief summary here.

The first giant step toward what was euphemistically called "European integration," came with the Single European Act, which went into effect at the end of 1992. This act, comprising 300 separate pieces of legislation, removed all remaining national border restrictions and barriers to the free flow of capital, goods, people, and technology throughout Western Europe. Having been rammed through in the wake of the stock market crash of October 1987, the Act provided for total liberalization of restraints on banking and financial institutions, including insurance.

Much grander schemes were already in the works at that time, of course, as reflected in the infamous "deal" forced upon German Chancellor Helmut Kohl by French President François Mitterrand, by which Kohl agreed to the eventual elimination of the deutschemark in favor of a European currency, in exchange for European agreement to the reunification of Germany.

The next step came with the Maastricht Treaty of 1993, which established European-wide rules for the new "free market," rules that would pave the way for the next disasters. Under Maastricht, the first stages of the central fiscal dictatorship were laid, with official limits set for the budget deficits of the individual nations (the infamous 3%), and for their overall indebtedness (60% of GDP). In addition, it prohibited certain government economic activity, such as state support for public companies and utilities—rather like the IMF system of demanding "free market" reforms.

Zepp-LaRouche led the way in attacking this monstrosity, which she called a "corset," which, despite nods to exceptions possible under conditions of economic crisis, constricted the ability of nations to invest in the massive infrastructure building program required to actually launch a world recovery.

But, from the bankers' standpoint, this certainly was insufficient. Nearly every country in the European Union violated the budget limit—and there was no enforcement mechanism to club them into line. Obviously, more "integration" was needed, to force compliance.

Some of the thinking on dictatorship was revealed by Mitterrand advisor Jacques Attali as late as Jan. 24, 2011, when he told a meeting of Socialists: "All those, such as myself, who had the privilege of holding the

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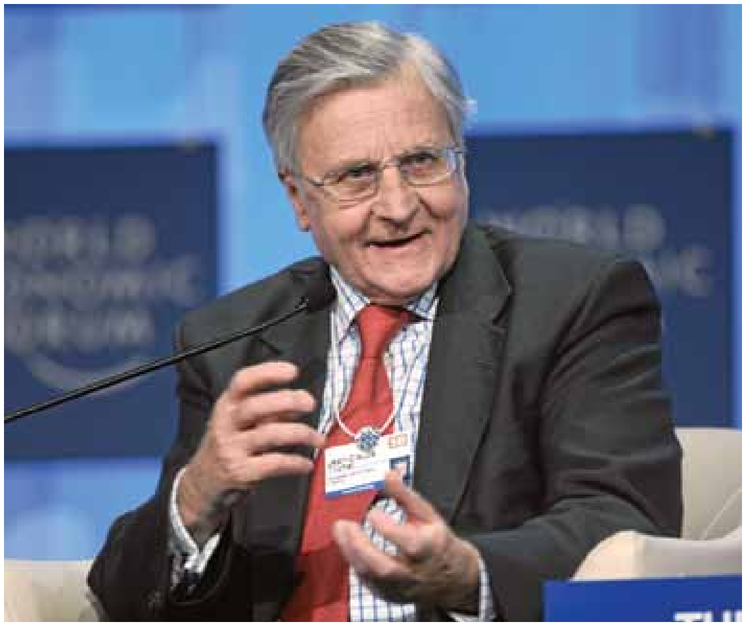
1. See the archive at www.larouchepub.com, including "The Fascist Roots of Lisbon," in *EIR*, Feb. 29, 2008, which details the role of British fascist Oswald Mosley in devising a scheme for a united Europe.

pen to write the first version of the Maastricht Treaty, had really committed ourselves to ensuring that an exit would not be possible. We carefully forgot to write the Article that would allow [a member-state] to leave. *That's not very democratic* but it was a great guarantee for making things more difficult, so that we would be *forced* to move forward" (emphasis added). "Moving forward" meant consolidating the Euro banker-run superstate.

Thus, the next step—the common currency. Keeping in mind the fact that control over the nation's currency is a fundamental element of national sovereignty, hence, the importance of the euro replacing national currencies. This also began in stages, with the creation of the European Central Bank (ECB) in June 1998; then, the establishment of the euro as a unit of account in 1999; and then, the creation of the euro as a work-a-day currency, replacing or supplementing national currencies, in 2002.


Sebastian Derungs

One of the leading institutions of the Eurozone in its destruction of Europe is the European Central Bank, which has doggedly pursued a course of financial dictatorship. Here, the recently retired ECB head, Jean-Claude Trichet, shown in 2010.

A Lever for Dictatorship

The euro's reign began in the midst of the accelerating global financial breakdown crisis, which had been greatly exacerbated in the aftermath of 9/11. Its immediate effect was to contribute to the wave of global hyperinflation then being fed by Federal Reserve chairman Alan Greenspan, and to impose a de facto tax on all Europeans as inflated prices in euros replaced the prices in their former national currencies.

Keep in mind that not all members of the European Union adopted the euro. The most notable exception is Great Britain, home of the leading predatory banks perched in the City of London. Perfidious Albion prefers to exempt itself from submission to the euro—although it has by no means been exempt from the raging financial crises of the monetarist system of which it's a part, especially as it is home to the Jacob Rothschild-created Inter-Alpha Group of banking institutions which play a major role in what is called the Eurozone.

But the City of London bankers, with their colleagues in the ECB and the broader financial oligarchy, saw the euro currency as only one element of their broader dictatorship plan. That required tightening the screws by eliminating the remaining vestiges of national sovereignty, the better to run their bankers' fiefdom.

One very ambitious plan for accomplishing this aim was the drafting of a European Constitution, which was agreed to by the European heads of state in October 2004. But that plan went down to a smashing defeat as a result of referenda in France and The Netherlands, where the population rallied behind leaders who understood that the new Constitutional order would destroy them economically and politically.

However, a barely disguised revision of the Constitution, in the form of the Lisbon Treaty, was successfully foisted on EU member-states, primarily by the avoidance of referenda. In the one country where a referendum was held, Ireland, the treaty went down to a smashing defeat—only to be rammed through by blackmail in a resubmission a few months later.

The Lisbon Treaty represents a much greater consolidation of Europe as a political and financial entity, with the creation of a European president and a foreign minister, both of whom have extraordinary power. The Treaty also expanded rules over the economies of its member-states. Since the Lisbon Treaty went into force in 2008, there has been increasing interference by the ECB and other Eurozone institutions in member-nations, to destructive effect—and not just through those conditions imposed for the sake of getting "bailouts."

The European bureaucracy has even intervened to stop wage increases in labor disputes.

The most dictatorial steps of all, of course, have resulted from the EU's intervention in the nations forced to seek ECB aid in the midst of financial crisis. The EU institutions have not only demanded draconian austerity measures, especially for the disadvantaged, but insisted upon a *change of government*, independent of the will of the people in the member-state. The removal of Greece's Prime Minister Andreas Papandreou, and Italy's Prime Minister Silvio Berlusconi, are blatant cases in point.

What Has the Euro System Wrought?

There are three aspects to the "accomplishments" of the Euro system. The first is what it has *prevented* from occurring; the second is what it has *created*; and the third is what it has *destroyed*.

When the Soviet system collapsed at the end of the 1980s-early 1990s, the European dictatorship plan of the euro had already been put on the table. But it was not the only option. Since at least the middle of the 1970s, the LaRouche movement had put forward a plan for a new form of cooperation among sovereign nation-states, which would restore a fixed-exchange-rate system, and provide the basis for the issuance of long-term, low-interest credit for major capital projects. The specific plan on the table from the LaRouche movement at the time of the euro's introduction, was the Productive Triangle proposal, which called for re-industrialization around the mission of economic collaboration with, and development of, the former Soviet nations.

The introduction of the euro, a blatantly monetarist scheme aimed at "fiscal discipline" and free markets, was an intentional counter to the LaRouche plan for East-West cooperation, later elaborated as the Eurasian Land-Bridge proposal. From the standpoint of that intention, it "worked."

And what did the Euro system create? In addition to a series of bureaucratic institutions which attempt to preside over the lives of over 330 million Europeans, it has succeeded in creating a series of massive speculative bubbles (most particularly, in real estate), an extraordinary amount of unpayable debt, and a huge transfer of wealth from ordinary citizens to the financial oligarchy. The bailout funds issued amount to trillions of euros, much of it pledged to illegitimate gambling debts of banks which were speculating with other people's money. Of course, the bubbles, especially those in southern Europe, have now mostly popped, leaving the economies they inhabited in a devastated condition—just as Dr. Wilhelm Hankel, a professor of economics, who challenged the introduction of the euro in the courts at the very inception, had forecast.

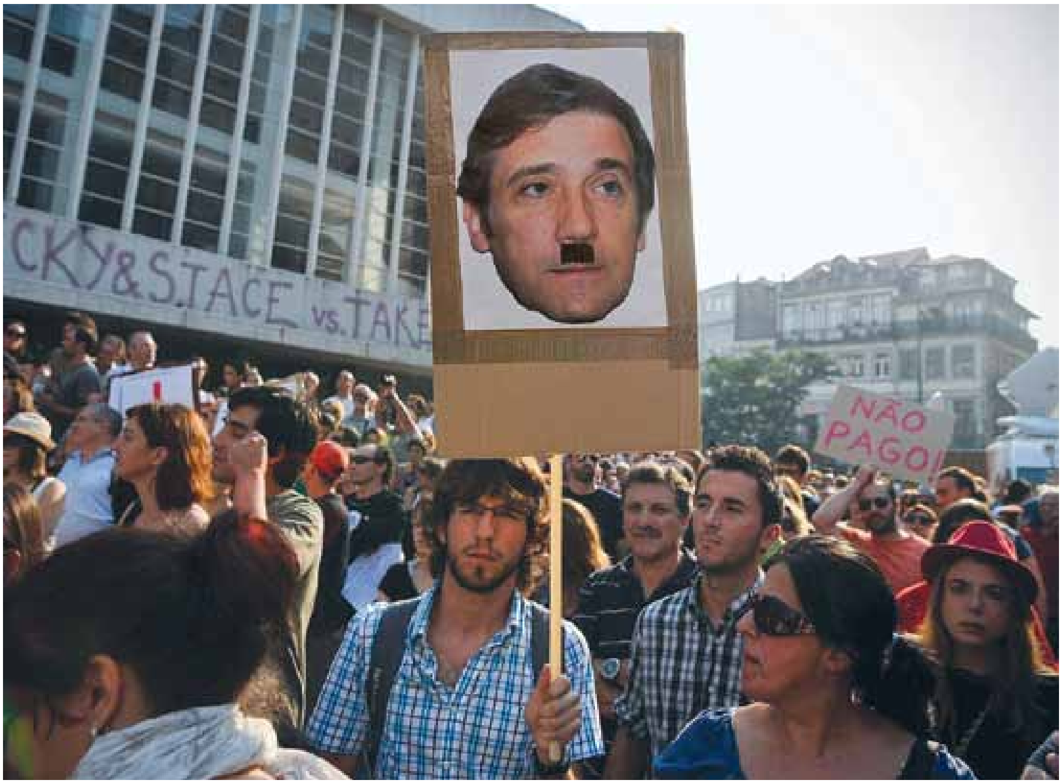
The listing of what the Euro system has destroyed, however, stretches on for much longer than we can afford to itemize here. This process of destruction—of living standards, productive industry, and useful banking systems—is truly a crime against mankind, which desperately needs the capabilities of the skilled European workforce in order to work its way out of a deepening New Dark Age.

Over the course of the last ten years, the European population has seen a steady drop in its living standards, including pension systems, health-care systems, and wages. Government support for vital national infrastructure, such as the once-famed railroad system in Germany, has been slashed, as capital investment into infrastructure overall tanks. Fees for necessities such as electricity and gasoline have risen steadily, with justifications ranging from bogus environmental considerations, to the demand for free-market competition, to simply lack of modernization.

Currently, this erosion of living standards has turned into an outright assault, starting most brutally in the nations which have come under, first, financial attack by sharks ranging from hedge funds to rating agencies, and then, under the diktat of the Eurozone institutions who prescribe murderous austerity as a condition for receiving loans (to pay off the banks). The case of Greece is only the most dramatic, with mass layoffs of government workers, 25% or more cuts in salaries of remaining workers, shutdown of government health facilities, and raising of taxes on working people to an intolerable level.

As the LaRouche movement pointed out in detail in the immediate period after the fall of communism, Western Europe is home to one of the most highly skilled, productive industrial sectors in the world economy. The most advanced generations of nuclear power stations, rail transport, and machine tools have been developed in northern Italy, Switzerland, Germany, and France, once making them the envy of the world.

But under the Euro system, it is not scientific progress, but *money* and balancing the books that counts.



Paulo Duarte

The draconian austerity measures which have been imposed to "save" the euro are literally destroying the population, and have led to mass protests, but no effective alternative. Here, an October 2011 demonstration in Porto, Portugal, with a picture of the prime minister as an Obama look-alike.

Thus, we have seen a relentless shutdown of these highly skilled industries, of which the most dramatic example is the nuclear power "exit" voted by the German government. While that decision cannot be blamed on the European bureaucracy directly, the bankers behind that bureaucracy are among the biggest cheerleaders for the brutal deindustrialization and depopulation which the elimination of nuclear power will inevitably bring about.

The high unemployment rate throughout the Eurozone—which has reached as high as 40% among young people in Spain, and in double digits generally everywhere—also bespeaks the destruction of the productive labor force.

Last but not least, is the destruction of the banking system itself, most notably, the system of savings and commercial banks which used to sustain the system of small high-technology firms that formed the backbone of Germany's productive economy, and provided credit for the population's needs. These have been savaged by the EU's opening the gates to speculation and buyouts, much as in the United States, and thus, de facto, robbed the savings of millions of Europeans.

The Fight To Replace the Euro

As I have noted throughout, the LaRouche movement has fought relentlessly against the fascist dictatorship scheme now called the Euro system, from the 1970s forward. Simultaneously, we have put plans on the table to return to a regime of sovereign nation-states which would have the power to ban and penalize speculation, and to issue state credit for massive infrastructure projects that will also create millions of productive jobs. Such a new system would necessarily involve a return to sovereign currencies, such as the German deutschemark, the French franc, and the Italian lira, as a precondition.

As of this writing, there is a growing drumbeat for precisely such a return to national currencies being reported in Germany, Spain, Greece, and elsewhere. But no national leadership has yet dared break with the daily ever-more bankrupt system.

One of the first breakthroughs against the euro system of usury and austerity actually occurred in the very year the euro came into effect, 2002. That was the passage by the Italian Chamber of Deputies, the lower House of parliament, of a call for instituting a "new financial architecture" that would outlaw speculation, and provide for New Bretton Woods-style reorganization of the financial markets. This move, organized by the LaRouche movement, and involving many direct interventions by Lyndon and Helga LaRouche in Rome, was a shot across the bow to the City of London bankers, that resistance to their schemes was on the upswing.

Unfortunately, leading institutions in Italy did not follow through aggressively on this breakthrough, although agitation for such reforms was taken up in other forms over the years.

In the Summer of 2005, Zepp-LaRouche launched a flank against the euro dictatorship with her campaign for German Chancellor, begun with an appeal "Back to the D-Mark for a Directed Growth Policy! Activate the Stability and Growth Law of 1967 Now!" Zepp-LaRouche demanded that Germany withdraw from the euro. She attacked the policies of the Christian Democrats and the "left," noting that they both would lead to a further reduction in the living standard of the population. What is needed, she said, was "a credit line of minimally DM400 billion, which must then be used exclusively for productive investment and the creation of new jobs." Unemployment in Germany, the industrial heartland of Germany, was then around 9 million people, she said—over 10%. To deal with unemployment, sovereignty must be restored.

In November of that year, Angela Merkel was elected Chancellor, and while she has maintained a public stance against yielding total sovereignty to the European superstate, she pledges undying fealty to the euro—and to the murderous austerity it represents.

The next major fight the LaRouche movement led against the euro dictatorship came in 2007, when the bankers' front men put forward their Lisbon Treaty replacement for the European Constitution. Zepp-LaRouche initiated a continentwide campaign against this push for dictatorship, exposing the generally hidden content of the document, and demanding a referendum in all countries. As reported above, only Ireland put it to the voters.

Starting in 2008, the European wing of the LaRouche movement, in tandem with the LaRouche Political Action Committee in the United States, began a global campaign for the reinstitution of FDR's Glass-Steagall law in the United States—and the adoption of similar two-tiered banking systems in Europe. Since that time, a vigorous debate has begun, in parliaments, leading political circles, newspapers, and on the streets, about the need for separation of commercial and investment banking—and the need to literally *trash* the trillions in bad debts being incurred in bailouts by such institutions as the European Central Bank, and the Federal Reserve.

Meanwhile, the system has come to a breaking point. All the measures taken by the trans-Atlantic banking elite have *worsened* the crisis—from the austerity measures, to the debt run-up, to the blatant dictatorial moves. The City of London has seen its credibility go up in smoke, and that includes the credibility of the ECB and the euro. Only raw political force and power—ultimately backed up by Britain's chief asset in the Presidency of the United States, Barack Obama—is holding the illusion of a system together.

All it will take is a major act of political courage, in the form of removing Obama, to bring down the whole facade. Then we can give the euro its proper burial, and turn our faces to the future that mankind so desperately needs.