Secret ECU scheme fits Soviet plans

by William Engdahl

Less than 10 days after his private trip to East Germany and Poland for economic talks, West German ex-chancellor Helmut Schmidt met privately with former French President Giscard d'Estaing in Heidelberg the week of Nov. 12. A monetary coup d'état is in process, the biggest since Bretton Woods, aimed at breaking the European economies from the U.S. dollar perhaps as early as 1987.

On Dec. 18, a new task force called the Committee for a Monetary Union in Europe will meet behind closed doors in Brussels, the European Community headquarters. Members of it include Schmidt and Giscard, and the following members of the Trilateral Commission, which ran the Jimmy Carter presidency: Etienne Viscount Davignon of Belgium, Mario Schimberni of Montedison in Italy, Gaston Thorn of Luxembourg, and Niels Thygesen, former Socialist finance minister of Denmark. The group also includes Bank of France director Renaud de la Genière, and Deutsche Bank director and former chairman, Wilfried Guth.

The organizers of the initiative are reluctant to speak openly. Schmidt and Giscard, when heads of their governments, initiated the present European currency zone, the European Monetary System, in 1978. Their original scheme was only partially fulfilled. EMS member states have stabilized currency parities at a time when the dollar has soared and crashed at record levels of hyper-instability. Now, Phase II of the EMS is under way—creation of a "European Central Bank" which would issue a new European Currency Unit, or ECU. This would be a sovereign, supranational institution, with control over the national economies of Western Europe. The ECU "coup" is being planned in lockstep with the military decoupling of Western Europe from the United States.

In the Hamburg weekly *Die Zeit*, run by Trilateral Commission member Countess Dönhoff, Helmut Schmidt calls for a "truly self-assertive Europe" (see page 38). Schmidt asks for full economic and monetary integration of Western Europe, based on the EMS and the ECU, and creation of an "independent European central bank as a sufficient counterweight to the dollar and the yen."

A Schmidt spokesman identified the U.S. economic and financial crisis as the prime trigger for Schmidt's action. "European monetary unity could come within a year's time," he stated. "The move for a stronger ECU at this moment is being driven by the growing problems of using the dollar as a reserve currency for the world economy. An alternative to the dollar must be larger than even the deutschemark. The ECU would play this role. It would be independent of the dollar."

The German Bundesbank's recent intransigence against pressures from Washington and the Federal Reserve to join the collapse of the U.S. economy by coordinating monetary policies, appears to have been adopted with the ECU in mind. According to Schmidt's office and a well-placed source in the office of European Commission president Jacques Delors in Brussels, after the Jan. 25 West German elections, the Bundesbank will ask to repeal the constitutional restriction on holding "indexed currencies," to pave the way for dissolving sovereign national central bank and currency control. This will occur first, the sources say, as part of a Brussels process initiated by Delors earlier in 1986 to "liberalize financial regulations within the EC member countries by 1992." But, Schmidt's spokesman stressed, financial market liberalization within the EC is "merely the first step to full economic and political integration of Europe."

Delors is fully involved in the ECU push. His office will reportedly sponsor the Dec. 18 meeting of the private Trilateral monetary group. Sometime early next year, a more public meeting is expected, to draw the countries of Scandinavia as well as Austria into the scheme.

The East bloc angle

A spokesman for Delors insisted the initiative group is "not the appropriate one if you are seeking ways to increase East-West trade." A spokesman for West German Trilateral member Otto Wolff von Amerongen denied there was any "anti-dollar bloc" being formed. Von Amerongen, chairman of the West German Industry Association's Committee on Trade with the East, is on record favoring a parity arrangement between a fully privatized ECU and the Soviet ruble, sometimes called a "transferable ruble."

In a Zurich bankers' seminar on June 28, Hungarian National Bank vice-president Janos Fekete boasted, "You in the West have destroyed all your markets—Latin America, Africa, Middle East, Asia. You have no alternative but to orient to the Comecon countries with its market of 400 million people." Deutsche Bank, Dresdner, and the other Western European banks have been quietly distancing themselves from the wild excesses of the New York banks while making credits available to Moscow and East bloc states on extremely favorable terms.

A senior EC official responsible for EMS development admitted, "We think the ECU can be the basis for expanded East-West trade as well." In May, Moscow gave the green light for official Comecon-EC talks following a four-year hiatus. The talks are proceeding with Delors and Willy de Clerq, the Trilateral Commission EC Commissioner for External Relations and Trade Policy.