

# Europe moves toward anti-dollar ECU bloc

by William Engdahl

Addressing the annual conference of the Center for European Policy Studies in Brussels, Trilateral Commission monetarist Niels Thygesen of Denmark unveiled a drastic proposal to create a supranational European Central Bank. The new institution would be modeled on the American Federal Reserve System, with its 12 regional districts.

The Thygesen proposal reflects the policy decisions of leading Western European monetary and banking circles. They are systematically, and suicidally, pressing for creation of a European-wide currency, the ECU (European Currency Unit), an indexed accounting unit of weighted currencies originally created some years ago to handle the bookkeeping involved in agriculture trade among European Community nations.

The idea behind the new bank and currency unit, or rather, the illusion, is to separate the 12 nations of Western Europe from the ongoing U.S. dollar collapse.

"A proposal along these lines may appear radical and naive," Thygesen told his select audience of central bankers and European Community functionaries. But the force of events will make it a reality.

His remarks were delivered on June 19, three days after the announcement of a major policy reversal on the ECU by Europe's most powerful central bank, the Bundesbank. It will now allow private bank accounts in Germany to be denominated in the ECU.

The ECU, in effect, is the currency of the European Monetary System (EMS), the arrangement created in 1978 to stabilize the EC economies from a devastating dollar collapse under the policies of the Carter presidency. A first phase of the scheme was all that could be implemented at the time, given national opposition. A second phase of the EMS scheme is exactly what fellow-Trilateraloid Thygesen has now unveiled in Brussels: the creation of a European Central Bank to destroy remaining sovereign national control over currency and credit in the world's largest economic region, the European Community, composed of 12 nations and 321 million people.

## Bundesbank reverses stance

On the surface, the Bundesbank move is merely technical. A spokesman for the West German Commerzbank told *EIR*, "Today's decision is evolutionary, not revolutionary." But leading ECU advocates interviewed in Brussels and elsewhere disagreed. It could have dramatic implications were

the dollar to resume its recent free fall. "The ECU could lessen the dollar risk," stated a spokesman for one of seven Western European banks which constitute the ECU Banking Association. These banks, which deal in ECU transfers, are dominated by Cr dit Lyonnais and Belgium's Banque Brussels Lambert, both part of the Trilateral Commission's financial network. It is they who have been pushing a supranational anti-dollar currency in recent years, and have been pushing to get the one major obstacle, the conservatism of the Bundesbank, softened.

Lest anyone doubts that sovereignty is at stake, the German resistance to an ECU system is written into Germany's constitution, which created the independent central bank after the war in 1947. The prohibition against allowing bank deposits in indexed units like ECU was a result of the bitter 1930s experience of Mefo-bill fiat money under Hitler's Economics Minister Hjalmar Schacht. Today, this lesson's reversal is being downplayed as a minor technical concession.

"The Bundesbank move removes the last obstacle to real private use of the ECU," emphasized one ECU banker in Brussels to the writer. Two weeks before, the Spanish Central Bank also removed prohibitions beginning July 1, and will quote ECU alongside the franc and other select currencies for private bank accounts and trade. "The effect of both decisions could significantly increase the future role of the ECU," said my banker source.

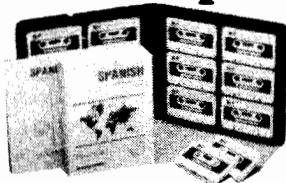
## Giant bank cartels

In parallel with the ECU effort, leading private bankers tied to the Trilateral Commission are busy promoting the process of bank cartelization into a tiny handful of "super banks" similar to what Citibank and others are pushing in the United States. "Get ready for the single European market," Jean-Maxime Leveque told a Hamburg international bankers' gathering on June 23. Leveque, chairman of Cr dit Lyonnais, said the process of creating uniform financial and monetary rules inside the 12-nation body by 1992 is forcing enormous changes in the structure of European capital markets. "There will most likely be sizeable linkups" among banks across Europe. Regional medium-sized banks will be swallowed up by "super-banks" as national restrictions on capital flows collapse. Leveque also predicted that the ECU/central bank plan will be the "next stage."

It won't work. The Trilateral "ECU bloc" (first proposed by the Soviets a few years ago) will only aggravate the process of dollar collapse, by encouraging further flight out of dollar-based trade. This could become the trigger for the greatest financial catastrophe in history. European banks are so integrated into dollar obligations through the complex interbank clearing system, that a collapse in New York would rapidly rock the foundations of every financial institution in Europe.

But since when have central bankers done anything that will work?

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