Maastricht 'house of cards' is falling

by Susan Welsh

The European Union's Maastricht Treaty, which is supposed to bring about supranational control of the economies of Europe and a unified currency by no later than January 1999, is running into serious difficulty. "The house of cards has started to collapse," reported the Swiss daily *Neue Zürcher Zeitung* on Jan. 29. The European Commission has been forced to take out advertisements to build support for the unpopular treaty, while the London-based agency Idea says that chances for European Monetary Union in 1999 have fallen to 25%, according to the *Zeitung*.

Lyndon LaRouche, addressing a conference of the Schiller Institute in Germany in December 1995, underlined that defeat of the Maastricht program was one of the most important tasks for European patriots in 1996. Branded "the monster of Maastricht" by *EIR* after it was signed in February 1992, the treaty is a supranational European version of Newt Gingrich's deficit reduction plan. It requires that member governments comply with four strict "convergence criteria" by 1997; these involve the national inflation rate, foreign exchange stabilization, the public debt level, and the government deficit level.

Implementation of these criteria will mean a "European-wide recession," because it will reduce the national output of all member States by an average of 2%, warned Helmut Kramer, of the Vienna-based WIFO Institute, in an interview with the Austrian journal *Industriemagazin* published on Jan. 31.

As *EIR* has reported, the French strike wave of December 1995 was directed against the Maastricht process, under which the French government was carrying out vicious austerity measures, particularly against public sector workers, the unemployed, and the elderly. The French trade unions have scheduled a new "week of action" for Feb. 11-15, against the program of Prime Minister Alain Juppé. The editor of the journal *Le Monde Diplomatique,* Ignacio Ramonet, wrote in the January issue of that magazine, that the French strikes are a sign of a revolt that is brewing throughout Europe, against the axioms of the current economic system: "economism, liberalism, the totalitarianism of the market, and the tyranny of globalization."

Growing revolt in Germany

The Maastricht Treaty was originally conceived, notably by the late French President François Mitterrand and his British controllers, as a weapon against the nation-state, and especially against reunified Germany. Germany's relatively strong industrial economy was to be the anchor for the European Monetary Union, at the same time that the German government was deprived of the sovereign power to make decisions affecting the national economy. But as the crisis in Germany's economy has grown in the past several years, as a result of wrongheaded policies concerning the eastern part of the country, it has become increasingly apparent that even the erstwhile German powerhouse would not be able to meet the Maastricht criteria.

This is shown by the annual economic report of the Bonn government, which was released to the press on Jan. 26. It makes clear that Germany in 1996 will again fail to meet the Maastricht criteria. Official unemployment is expected to rise by 300,000 to 3.9 million in 1996. The budget deficit, in spite of all cuts, will still be 3.5% of Gross Domestic Product, well beyond the 3% Maastricht limit. The report calls for strict fiscal discipline and "reform" of the social security system.

Economics Minister Günter Rexrodt announced that there are 5 million fewer jobs in Germany this year, and so, in order to fight unemployment, he has put together a list of 18 State-owned companies which should be privatized, including Telekom, Postbank, Lufthansa, DG Bank, the Hamburg airport, the Bonn/Cologne airport, and the State-run publishing company.

The growing unemployment and shutdown of industry have led to statements of opposition to Maastricht from the governors of several of the German states. According to the daily *Handelsblatt,* Bavaria's Gov. Edmund Stoiber had a screaming match over the issue with all the ministers in the Bonn government from the Christian Social Union, during the early January CSU gathering at Wildbad Kreuth; in particular, he refused to enter the 1998 Bavarian elections with a pro-Maastricht program. Lower Saxony's Gov. Gerhard Schröder, in an interview with the *Berliner Morgenpost* on Jan. 15, called for postponement of the single European currency and for a "renegotiation of the Maastricht Treaty."

Bundesbank director Otmar Issing, in an interview with *Der Spiegel* magazine the week of Jan. 15, said that he was "skeptical, whether the European States can manage the great project in the relatively small time remaining, in a way that the European monetary policy can start under favorable circumstances with a common currency."

Despite the opposition, the governments of Europe are stubbornly sticking with Maastricht. This is taking a disastrous toll, as shown by the Jan. 22 decision of the ministers of economics and finance of the European Union to deny additional funding for 14 priority infrastructure projects, under the so-called "Delors Plan" adopted last year. That plan for construction of railroads and highways, if properly implemented, could provide the basis for launching the industrial recovery of Europe.