

Report from Bonn by Rainer Apel

Walking straight into the trap

British nastiness adds to Chancellor Helmut Kohl's many financial and political problems.

One of the many "coincidences" of recent German history had it, that about the same time in mid-August that Finance Minister Theo Waigel hinted that he would like to quit his job, an intense media campaign began in Britain, calling into doubt the German government's commitment to the agreed-upon schedule for the introduction of the full European Monetary Union (EMU) and its all-European currency, the euro, in January 1999.

The first salvo in the media campaign was on Aug. 20, when the *Daily Mirror* ran an article headlined, "Kohl's Secret Bid to Delay the Euro." The paper wrote: "A secret plan to postpone the start of the single currency in 1999 was proposed by German leader Helmut Kohl, it can be revealed. Chancellor Kohl suggested the shock move to French President Jacques Chirac earlier this year, but was rebuffed."

"More recently, the Germans made a new attempt to put back the single currency start date," the daily continued. "They informally sounded out Tony Blair, telling him that if his government agreed to join the EMU in 2000, the German and French governments would be happy—and relieved—to postpone the starting date so as to include Britain. Again they were rebuffed."

On Aug. 24, Ferdinand Mount, who was an aide to British Prime Minister Margaret Thatcher in the early 1980s, wrote a similarly nasty article, under the headline, "Auf Wiedersehen, Old Wunderkind," gloating over the economic and political problems which the Kohl government in Bonn is faced with, nowadays.

Then, on Aug. 25, the German weekly *Der Spiegel* carried an essay by Frederick Forsyth, a British author whom many suspect of being linked to the London intelligence community. Forsyth wrote: "The cat is out of the bag, as we used to say in England. In all secrecy, Chancellor Kohl is knocking at the doors of Europe's capitals, with his proposal to postpone the euro by a year or two.

"Chirac has rejected the idea flatly. Tony Blair, who was offered that Germany would wait until the year 2000, if Great Britain would join then, did the same."

Forsyth revealed that when he proposed a delay on a May 11 talk-show in Berlin, he was attacked by Kohl's Christian Democratic Union (CDU) party manager, Peter Hintze, with the argument that this would mean the end of European civilization. But today, Forsyth noted, Bonn has come to recognize that its pet project, the euro, cannot be realized on time, because the European Union's "budgeting criteria" cannot be met. (These criteria include strict limits on Federal budget deficits.)

Forsyth portrayed Kohl's project as one from which only speculators would benefit. The bill would be paid by the central banks, which would pump hundreds of billions of dollars in currency reserves into the defense of the euro.

This Forsyth attack, in particular, hit a raw nerve in Bonn, where Kohl has tied his personal political fate to the EMU timetable. *EIR's* inquiries on the matter met a barely concealed hysteria in Bonn: For example, a spokesman for the Finance Ministry called Forsyth's story "extremely im-

probable," because the official government policy on the euro is just "the opposite." Neither the Chancellor's office nor that of the CDU's Hintze would give any comment. Other offices in Bonn insisted that the 1999 timetable for monetary union would absolutely be adhered to.

But during the week of Sept. 1, many doubts were in the public debate. For example, four renowned German economists announced their intent to take the German government to the Constitutional Court, should it stick to the EMU timetable—which all the experts say will only be possible if the budgeting criteria are heavily manipulated. A 1993 ruling by the Constitutional Court determined, however, that any such manipulation or undermining of monetary and budgetary stability, would go against the constitution, so that the EMU could not then become German law.

The four plaintiffs, who plan to file a document against the government as soon as it signs the final agreements on the EMU, are led by Wilhelm Noelling, a former member of the national central bank council.

Hans Tietmeyer, the governor of the German central bank, himself called the EMU timetable of Chancellor Kohl into doubt, when, in an interview with the first September issue of the weekly *Die Woche*, he declared that, while he would not directly recommend any postponement of the EMU, a delay in the timetable would, however, not be a catastrophe.

Finding the doors in London and Paris closed to his secret proposal for changes, Kohl will not be able to change anything now, without losing face. Having tied his fate too closely to the EMU, Kohl has walked into the trap that London prepared for him. Wrote Anatole Kaletsky in the *London Times* on Sept. 3: "Kohl's doom is good news for the euro."