As well, disappointment over the attractiveness of the euro in recent days has led to a sharp rise in opposition to Britain's joining the EMU. British Prime Minister Tony Blair has pledged to hold a popular referendum on the issue following the next Parliamentary elections in two years. Yet, the latest U.K. opinion polls show that voters are strongly opposed to British entry into the euro, with the number rising as the euro falls.

On Feb. 2, British Conservative Party leader William Hague announced that former Defense Secretary Michael Portillo, a "euro-skeptic," would be named "Shadow Prime Minister," responsible for the party's attacks on Blair's euro policy. A defensive Blair replied feebly, "I think to rule out the euro in the next Parliament is foolish, is backward, and I won't have anything to do with it." There is a measurable cooling off of enthusiasm in recent weeks both among the Euroland countries and from the British over its entry into the EMU.

"Initially, the German [Chancellor Gerhard] Schröder government was convinced they needed the power of the City of London, still the world's largest financial center, if the euro was to become a major reserve currency," said City of London economist Stephen J. Lewis. "Now they are not so sure, as they see Blair wants to enter, but not as one of equals." Failure to win British entry would be yet another blow to euro prospects, but one which is too distant to be a factor in today's low price.

'Dirigist' measures needed to halt systemic collapse, says LaRouche

Like every other so-called "local" or "regional" question—even as significant as the European currency, the euro—cannot be understood outside the historic global financial crisis, and measures to address the crisis must be devised accordingly. On Dec. 22, 1999, Lyndon LaRouche spoke of the euro, in answer to questions put to him by Long Shih Rome, a journalist for the Malaysia-based publication *Smart Investor,* which circulates in Malaysia, Singapore, and Indonesia.

Long Shih Rome asked, "Now the euro is hovering close to parity. What is the prospect for the euro in 2000?" LaRouche replied, "No one knows; no one could possibly know. The entire world system is in a terminal boundary layer of self-accelerating, leveraged turbulence. We have reached the point, that political decisions, rather than so-called market trends, will determine everything even during the short term."

To the question, "Does the current weakness or future weakness of the euro suggest it is undervalued, given that some European economies are recovering?" LaRouche replied, "No. Every economy in Europe, except the City of London's financial traffic, is currently operating below real economic break-even, and collapsing at a currently accelerating rate. Without a radical shift back to the kinds of 'dirigist' and 'statist' measures remembered from the 1950s and early-1960s Europe, there is no possibility that the present trend of deepening economic collapse could be halted, or even reversed. The collapse is not cyclical, but systemic. Only systemic measures, overturning present political arrangements, could halt the presently ongoing collapse."

The Maastricht debacle

The basic problem with the euro is one that most people misunderstand. It was rammed down the throats of European citizens—in almost every case without even a referendum, for fear of rejection of such a fundamental surrender of national sovereignty. The euro was in effect *blackmail,* in exchange for allowing German unification.

At an EU heads-of-state summit in Maastricht, Holland in December 1990, French President François Mitterrand handed German Chancellor Helmut Kohl a *fait accompli:* He claimed that Kohl "owed him" for having agreed to German unity earlier that year, in return for which Kohl had to agree to the new supranational euro and its politically independent European Central Bank. If recent allegations hold water, that Mitterrand arranged for the private transfer of perhaps more than $15 million into the secret Liechtenstein and Swiss warchest of Kohl's Christian Democratic Union in 1992, the reason for unflinching German adherence (with minor differences) to the EMU since 1992, becomes perhaps even clearer. Kohl soon became the most impassioned proponent of the euro project.

The project, however, was fatally flawed from the start. Never in history has a group of nations—always, in the past, empires—created a single currency prior to the creation of a single political entity. Even Hitler, when his armies controlled most of continental Europe in 1940-41, failed to establish a single currency. Moreover, while surrendering control over printing of national currency, a central attribute of any nation's sovereignty, the member-states of the EMU so far have refused to opt for full government fusion into United States of Europe, as Jean Monnet envisioned 30 years ago.

Instead, the ECB created by the Maastricht Treaty has one simple mandate: to control inflation in Euroland. The ECB is forbidden to respond to pressure from governments

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