Internal Fissures Rend EU's Maastricht System

by Rainer Apel

Beset by conflicts between national governments attempting to prevent economic collapse in the face of a deepening depression, and a supranational bureaucracy committed to even more deregulation and austerity, the European Union (EU) is falling apart. Briefed on the latest developments on March 14, Lyndon LaRouche said that Europe is actually far more vulnerable to a physical economic collapse than the United States, because Europe is under the yoke of the Maastricht Treaty which founded the EU—the straitjacket that blocks any possibility of an economic policy turnaround in Europe. Unless Maastricht is torn up, and replaced by a new, non-monetarist arrangement among the nations of Europe, there is no solution for the continent.

What is needed is a new arrangement among sovereign European governments, supporting industrial development in the context of a New Bretton Woods financial system internationally. This requires a rejection of globalized free trade, and a reassertion of *protectionism*—but from the standpoint of increasing the productive capacities and living standards of both oneself and one's neighbor. The Maastricht system, in place since February 1992, and in full effect with the introduction of the single EU currency, the euro, in January 2002, interferes deeply with such sovereignty, because it imposes budget ceilings which member countries cannot keep under present conditions of economic depression, and at the same time bans the very national programs for economic recovery that would improve the situation in member countries.

The EU finance ministers, in particular the 12 ministers of the Eurozone member governments that use the euro as their single currency, have so far not developed any alternative, but have tried the impossible quadrature of the circle: keeping the Maastricht system intact, while at the same time disobeying more and more of its rules. This disobedience has increased over the recent period, and the EU Commission, faced with the total loss of its own authority, has desperately tried to restore control, in a way that only fans the rebellion of the member states.

For example, the Commission has initiated a new, radical push for deregulation in the national energy sectors, particularly in France and Germany. Operating along the same pro-globalization paradigms as the Commission, however, the leading energy firms in France, Germany, and Italy have increased their own grabs for takeovers across Europe, intensifying the trend toward globalization and cartelization.

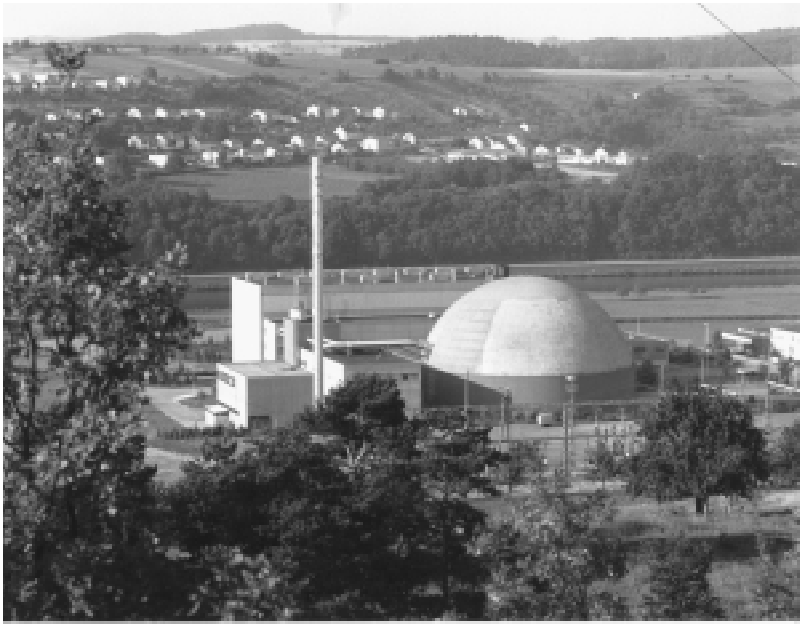
It is in this domain that governments have intervened, adding another conflict to the long list of already existing ones with the EU Commission. When the leading Italian energy supplier Enel tried to take over one of the leading French suppliers, Suez, the French government stepped in, and soon after, the leading French supplier Gaz de France announced its merger with Suez. In a similar case, Germany's leading energy supplier RWE tried to take over Spain's leading supplier Endesa, but the Spanish government intervened. The conflict between these big national energy suppliers and the Commission is now overlapped by conflicts among the respective governments of Spain, Italy, France, and Germany, which threatens to lead to total paralysis of policies in Europe.

Assertion of National Sovereignty

The wildest situation at present is, indeed, the conflict between the rather nationalistic government of Poland and the EU Commission, triggered by a fierce fight that has erupted between the Polish Central Bank (and its hardline monetarist governor, Leszek Balcerowicz) and the Polish government. The fight formally erupted over the question of the foreign takeover of the two Polish banks Pecao and BPH by the Italian-German group Unicredito/Hypovereinsbank, which the Polish government does not want. This led to a clash with the European Commission, which denounced the Polish government's protectionism as a violation of free market principles, which include the right to takeovers. At the same time, it has led to frictions among the governments of Italy, Germany, and Poland, although each of these three governments has its own conflicts with the European Commission.

On March 10, the European Central Bank provoked another added clash with Poland, complaining about the Polish government's conduct toward the Polish National Bank, a member bank of the ECB. The ECB insisted that the government stick to Article 105 of the ECB statutes, which explicitly demands that the national member central banks survey the banking sector and guarantee that monetary stability is maintained. The ECB letter came in reaction to legislation by which the Polish government seeks to take away from the Central Bank the bank surveillance right, proposing instead a new, independent surveillance body which would also survey pension funds, insurance companies, and other financial market institutions. During hearings early in March of the bank surveillance commission, Central Bank Governor Leszek Balcerowicz disinvited Finance Minister Cezary Merch, accusing him of being too "partisan" in his views. Upon which the government demanded that Balcerowicz be brought in front of an investigation commission for "betraying" national interests.

A sound "economic protectionism reflex" can also be reported from Hungary, where national elections will be held on April 9. Former Prime Minister Viktor Orban, chairman of the conservative opposition party Fidesz, told Germany's



Bundesbildstelle

Germany's Obrigheim nuclear plant. The government remains committed to completely shutting down nuclear power by 2021—but cheerfully imports nuclear-generated electricity from France.

Frankfurter Allgemeine daily of March 11, that a government led by him, after the elections, would implement a "patriotic" economic policy: "We want to end the 15-year-long chapter of unbridled capitalism. . . . It is time to finally bring solidarity into Hungarian society." The very high mortality rate among citizens of working age in Hungary, has to do with the fact that many people have to have several jobs in order to feed the family, not enough living space, and are suffering from hypertension and heart disease. Orban said it is urgent to have the state invest into new and decent jobs, whereas keeping a balanced budget along Maastricht rules was less urgent.

If the other European heads of state and government joined Orban, it should be possible to replace Maastricht by the aforementioned "new arrangement." What Europeans need, is a European Union of sovereign nations.

What Europeans need in particular, are political leaders whose minds are sovereign, which means that they are independent from the restrictions posed by monetarist banking interests. This means they are capable of formulating economic and research targets in tune with the advances in pioneering real-economy technologies, and willing to organize long-term, low-interest credit lines for those projects. Most of all, this would apply to nuclear power, maglev transportation systems, and medical frontline projects such as protection against avian flu and other new pandemics.

The Vital Issue of Nuclear Power

Indicative of the lack of such leadership, is the new EU Commission Greenbook on Energy, which avoids making any concrete recommendations concerning nuclear power development that would be valid for all of the European Union. Instead, the Commission leaves it to individual member states to build, or not build, new nuclear power plants. This inaction on the part of the Commission is due to the anti-nuclear orientation of the German elites, and because Germany is the biggest single contributor to the EU budget, with a share of above 20%, Germany insists that the Greenbook remain vague, on nuclear technology.

A similar constellation is there between France and Germany. France has a nuclear power share in its national supply of more than 70%, and it is committed to begin building a new "third generation" pressurized water reactor in 2007; Germany still has a nuclear power share of 30%, but is committed to exit from the technology completely, by the year 2021. Because of that, the Franco-German statement on energy and technology, published in Berlin on March 14, has a lot to say about wind and other totally inadequate "alternate" or "renewable" energy sources, but no mention of nuclear power. The entire ten-page document has just one sentence on thermonuclear fusion, stating vaguely that the International Thermonuclear Experimental Reactor (ITER) project (built as an international project in Cadarache, France) "shall allow acquiring of decisive scientific knowhow and technologies for the generation of a clean, safe and practically inexhaustible energy."

The French elites seem to believe they can live with the German "no" to atomic power, as long as Germany continues importing power from France's nuclear plants. And in Germany, the plan by Chancellor Angela Merkel (Christian Democrat) to discuss the "future of power development and supply" at a national energy summit in April, is undermined, as her coalition partner in the government, the Social Democratic Party, insisted that nuclear power be excluded from the agenda of that summit. To date, the LaRouche movement's political arm in Germany, the Civil Rights Movement Solidarity (BüSo) party, is the only political force that uncompromisingly calls for nuclear power development.

That Europe as a whole cannot live with a Germany that rejects nuclear technology, and that not even Germany can live with that, is evident, as long as Germany continues to be the largest national economy in Europe. The only positive aspect of Germany's energy policy is that unlike other EU member states, it insists that Russia be kept as a preferred partner for long-term energy cooperation, for crude oil and natural gas supplies to Europe. Plans for an "Energy NATO," excluding Russia, which Poland proposes, have so far been strongly opposed by Germany.