International Credit by William Engdahl

That European Central Bank plan

The EC technocrats have a name for their plan for a supranational bankers' dictatorship: "creative destruction."

A heated policy battle is being fought out in Europe, over the issue of whether, and how, to create a new supranational European Central Bank, autonomous from any national political "interference." The purpose of the bank would be to oversee a regime of austerity and deindustrialization for Western Europe as a whole.

On June 28, European Community heads of state named EC Commission president and former Bank of France official Jacques Delors, to head a committee to recommend proposals for creation of a new European Central Bank in context of the 1992 market liberalization. The Delors committee includes 12 Bank for International Settlements (BIS) central bankers from the EC countries; Niels Thygesen, a Trilateral Commission economist from Helmut Schmidt and Valéry Giscard d'Estaing's Committee for European Monetary Union; BIS Executive Director Alexandre Lamfalussy; and Bank of Italy director Tommaso Padoa-Schioppa.

This bankers' elite wants to decide matters which were hitherto questions of national sovereignty: a nation's right to print currency and control its credit and interest rates.

The chairman of the BIS, William Duisenberg of the National Bank of Netherlands, told the American-Dutch Chamber of Commerce in Amsterdam on June 2 that the fundamental aim of the European Central Bank must be price stability, and that in order to ensure this, the central bank must be fully "autonomous," divorced from any national or other political influence: in short, a central bank dictatorship over the 320 million people of Western Europe.

The Delors Commission is made up entirely of bankers. There is no representation of industry, agriculture, organized labor, not to mention elected political officials. The same policy circles who have wrecked long-term industrial growth across the globe over the past two decades, and created the "global financial markets" that led to the "Black Monday" crash of Oct. 19, 1987, are the sole interest group entrusted to "clean up" the mess that their own policies have created. It is more than a little analogous to allowing the fox to guard the hen house.

The proposals of the Delors Commission are outlined in a 1987 report by Padoa-Schioppa, titled "Efficiency, Stability, Equity." Delors wrote the report's preface, and insisted that Padoa-Schioppa be named executive secretary to his group, which was drafting the central bank scheme for "Europe 1992."

Rather than try to impose the new bank from the top, Delors calls for what he terms "creative destruction." His Nietzschean idea is that out of chaos will emerge a New European Order. The economic deregulation measures embodied in Europe 1992, he foresees, will unleash wild speculative gyrations and economic anarchy across Europe. National governments will realize they have surrendered sovereign powers to control this chaos, but that no other power yet exists to reestablish order.

This is the setting in which the European Central Bank advocates believe their plan will be implemented "by popular demand."

Delors correctly foresees that the planned 1992 "liberalization of capital flows will diminish the capability to control internal and external shocks." Therefore, he says, to "ensure maintenance of stability, national economic policy will have to be more closely coordinated."

Padoa-Schioppa cleverly argues that because the liberalization of Europe's internal market will clearly create more wealth in the Community, "We must handle this new wealth from a central standpoint. This means that the EC must be given more power for regulation. The EC must control the overall budget. . . . The European Commission must coordinate macroeconomic policies."

Commenting on the progress toward the super central bank on June 23, columnist Samuel Brittan wrote in the City of London financial daily, the *Financial Times*, "Few people realize how far the governments of the European Monetary System have already committed themselves." Already on Feb. 3, a West German cabinet resolution declared, "The longer-term goal is economic and monetary union in Europe, in which an independent European Central Bank, committed to maintaining price stability, will be able to lend effective support to a common economic and monetary policy."

Brittan concludes, "The key issue is the abolition of exchange controls and the freeing of capital movements by 1992 as part of the unified market. *By then it will be almost impossible for EMS countries to pursue independent monetary policies, or even to impose different reserve requirements on their banks* [emphasis added]."

This is the point at which Padoa-Schioppa and Delors plan to make their bid for supranational control a reality.