

because the “pause for reflection” adopted at the June 16 EU summit implies that the text of the draft constitution will be rewritten—if it is not scrapped altogether.

EU Blowing Up on Budget Issues as Well

The other, related aspect of the EU crisis became evident on the second day of the summit: Even a last-minute compromise offer by acting EU chairman, Luxembourg Prime Minister Jean-Claude Juncker, failed to get majority approval for budgetary planning for the next eight years. Originally, 24 of the 25 EU member states had urged a reduction in the special “British rebate,” which, since its establishment in 1984, has given several billion euros from the EU common budget to Britain, free of any conditions, while comparable rebates of much smaller size have been denied to most other member states. Even the Netherlands, which usually sides with Britain in the traditional Anglo-Dutch alliance, considers this British rebate out-of-date. But the British government refused to discuss it at all.

On June 17, acting EU chairman Juncker presented his compromise formula, which would have frozen the British rebate to be at the present level until 2013, with the concession that from 2013, the EU would begin to discuss reductions in this and other subsidies as well, especially for the agricultural sector in France and other leading food producers of Europe. Britain’s Prime Minister Tony Blair flatly rejected the Juncker compromise, insisting instead, that the EU consider cutting agricultural subsidies to France. Dutch Prime Minister Jan Balkenende quickly sided with Blair, demanding, all of a sudden, that the Dutch be granted a rebate, or the whole plan would be dead.

Thus, the second day of the summit ended in disaster, and when German Chancellor Gerhard Schröder specifically referred to “obstruction by the British and the Dutch,” he was speaking the simple truth. On June 18, Schröder added that he saw “forces of destruction at work,” which were out to “ruin Europe,” and even though he did not name Blair or Balkenende, it was clear to everyone whom he meant.

On June 21, Schröder escalated his attack on the Anglo-Dutch monetarist alliance in remarks during a book presentation in Berlin. He said that the “special model of society and social state, as it has developed on the European continent, must definitely be kept alive.”

“Those who want to destroy this model on the basis of national egotism or for populist motives, commit a crime against future generations,” Schröder said, without naming Tony Blair, but apparently referring to Blair’s obstruction at the EU summit.

The crisis of the EU and its institutions poses the question, said Schröder, of “which kind of Europe do we want . . . ? Do we want a Europe that is united, capable of action, a real political union? Or, do we just want a free trade zone, going back from the European Union to the European Economic Community of the past?”

There must not be a “reducing of the notion of Europe, into the mere notion of market,” Schröder said, adding that the state must be a strong institution, “otherwise there would not be anything else but privatization of education, of public goods, and of infrastructure.” The “minimal state” as is being called for by the neo-cons, is no less a threat to freedom and democracy, than a dictatorial state, Schröder added.

With this unprecedented defense of the strong democratic state against the free marketeers, Europe has entered the post-Maastricht era, and its leaders have gained maneuvering room to build a new, better Europe that gives priority to production, to jobs, to science—and to the necessary precondition of that—state intervention.

Zepp-LaRouche’s Campaign: What Schröder Didn’t Say

Immediately after German Chancellor Gerhard Schröder’s June 13 speech on economic policy, Helga Zepp-LaRouche, the leader of the Civil Rights Solidarity (BüSo) party in Germany, declared that she would run for Chancellor in the expected September national elections (see her full statement in *EIR*, June 24).

She said that that much of what Chancellor Schröder said in his speech “was good and urgently necessary,” such as that the state must play a strong role to protect the common welfare of the citizenry, as well as that the speculative hedge funds must be regulated.

But then she said: “The problem lies in what he did *not* say: namely, that the Common Good can only be defended under the currently exploding systemic crisis, if the government begins with a state investment program of at least 200 billion euros this year alone, and then continues this on a yearly basis, in order to again reach productive full employment. The other thing the Chancellor also said nothing about was the dramatic collapse of the international financial markets, and the resulting necessity for a new financial architecture, a New Bretton Woods system. And as I announced in my declaration of June 10, in the event that Schröder fell short of what’s required on these two points, I hereby officially declare that I will participate in this crisis situation, as a candidate for Chancellor in the coming Federal elections. . . .

“The most important governments must immediately convene an emergency conference, and, in the tradition of Franklin D. Roosevelt, establish a New Bretton Woods system.”