

MERKEL WINS PYRRHIC VICTORY

Say 'No' to the Europe Of Banana Republics!

by Helga Zepp-LaRouche

Oct. 28—The “breakthrough” by German Chancellor Angela Merkel at the Oct. 25 European Union summit, proclaimed with great hoopla, was a Pyrrhic victory. It allegedly “saved” the euro by increasing investments in the European Financial Stability Facility (EFSF), while giving lenders a 50% “haircut” on the Greek debt and strengthening EU institutions.

In reality, the whole package is a disaster, which will throw the economy of the Eurozone into an unparalleled depression; transform Greece and Italy, as well as all other member states, into protectorates of an imperial dictatorship; and lead in short order to hyperinflation such as Germany experienced in 1923. If the collapse of the global financial system is not immediately countered by setting in place a two-tiered (Glass-Steagall-style) banking system and additional measures, this breakdown crisis, as is so often the case in history, threatens to lead to a huge war.

Over 90% of the members of the Bundestag once again voted for something whose details had not even been worked out, among them the litmus test of the whole package—namely, where the money for the expansion of the EFSF was supposed to come from. Therefore, EFSF head Klaus Regling immediately charged off to China “with his begging bowl,” as the Russian website *Russia Today* aptly commented. For its part, China, which has over \$3.2 trillion in currency reserves, has already made it clear that it has no intention of becoming the good Samaritan for

the collapsing Eurozone; but, if it does get more involved, China’s increasing influence will certainly require strengthened guarantees and political concessions.

The Greek Tragedy

The EU package is a catastrophe for Greece. The economy is shrinking under the draconian austerity measures, the population is desperate, the suicide rate is rising dramatically.

The famous Greek composer Mikis Theodorakis made several TV appearances, with an urgent appeal to the people of Europe for resistance. If the Greeks submit to the demands of their “European partners,” he said, this means the end of Greece as a nation and a people. “Our struggle is not only a struggle of Greece...” Do not believe that the money will go to help Greece; the bailout “will only help the foreign banks and the politicians and governments that are in their pay.... We are not asking you to support our struggle in solidarity because our country was the cradle of Plato and Aristotle, Pericles and Protagoras.... We ask you to do it in your own interest. If you allow the sacrifice of Greek, Irish, Portuguese, and Spanish society on the altar of debt and to the banks, you will soon be next.”

As for the 50% debt haircut, which a large proportion of affected European banks have still not agreed to “voluntarily,” its consequences are still quite un-



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German Chancellor Angela Merkel and Euro Group president Jean-Claude Juncker in 2006. Juncker: “We decide on something, put it out publicly, and wait awhile to see what happens. If there is no great uproar, no uprisings, since most people don’t even grasp what was decided, then we proceed. Step by step, until there is no turning back.” For a video clip of Juncker in April 2011 saying he has often “had to lie,” see <http://euobserver.com/19/32222>.

clear—such as its impact on the insurance sector and the evaluations of the rating agencies. For the Greek banks, which have a considerable share of the Greek government bonds in their portfolios, it means that they must immediately be recapitalized with EU30 billion from the EFSF, and so the Greek debt will be immediately increased by this amount, to an unsustainable level.

Instead of real economic projects that would promote the economic recovery of Greece, the Troika (IMF, European Central Bank, and EU Commission) reached an agreement with Greek Environment Minister and former EU Commissioner for Economic Affairs Giorgos Papakonstantinou for investment of EU20 billion in the Helios Project, a giant solar power project, to be built on 200 square kilometers. The electricity will be produced exclusively for export to Germany. One can hardly imagine a clearer amalgam of an EU dictatorship, a new Reichskommissariat,¹ and Green Fascism.

But the relationship of Germany and Brussels is not only poisonous to Greece. First there was the notorious

1. The civilian regime of Nazi Germany in occupied countries.—ed.

Trichet-Draghi letter² to the Italian government, with its dictatorial catalog of cuts, leaked to the outraged public a few weeks ago. Now French President Nicolas Sarkozy’s and Merkel’s treatment of Italian Prime Minister Silvio Berlusconi at the Brussels summit has aroused massive resentment in Italy. The trade unions, which are normally split into left and right camps, have jointly called for a general strike, because the EU wants a dramatic degradation of the status of Italy’s unemployed, which would brutally tear down the safety net that now exists for millions of people.

Step by Step Toward Dictatorship

One instrument toward a supranational dictatorship would be the creation of a European Finance Ministry, which would sweep away any remnants of national sovereignty over financial/economic affairs. This was also decided upon at the summit, without calling it that.

To the existing posts of the President of the EU Commission (José Barroso) and the European President (Herman Van Rompuy), an upgraded chairmanship of the Euro-Group is supposed to be added (to be known as the European Working Group, EWG). The names of Jean-Claude Trichet and Alexandre Lamfalussy are now being considered for the post of EWG president, who is supposed to function full-time in Brussels, and be the real boss.

This body appears to be the real European government, meeting regularly, preparing summit meetings, dealing with the results of the EU Commission’s decisions, as demanded by the presidents of the ECB and the EFSF, and giving the European finance ministers

2. European Central Bank (ECB) head Jean-Claude Trichet and Bank of Italy governor Mario Draghi sent a secret letter to Italian Prime Minister Silvio Berlusconi in August, demanding even greater austerity, including bringing forward by a year its target for balancing the budget, “full liberalization of local public services,” “a thorough review of the rules regulating the hiring and firing of employees,” and greater “administrative efficiency.” The letter was leaked to the press in September.

their orders on how their budgets have to turn out.

As Merkel had previously laid out in her speech to the Bundestag, we thus have a “stability union,” which “rigorously supervises” a “deeper economic integration,” and imposes “discipline” through debt brakes and balanced budgets, along with draconian punishments.

It is obvious that this de facto European government has no accountability to the citizens. Also, the implications of the creeping expansion of the powers of this supranational institution are in no way being made clear to the public, by the media or by the relevant parties and governments. This is the same *modus operandi*, behind the backs of the people, that was previously used to introduce the euro, and to conclude all the EU treaties, from Maastricht to Lisbon. That is how dictatorship creeps in and is consolidated, step by step, according to the motto of Jean-Claude Juncker,³ who, back in 1999, said in an interview to *Spiegel*: “We decide on something, put it out publicly, and wait awhile to see what happens. If there is no great uproar, no uprisings, since most people don’t even grasp what was decided, then we proceed. Step by step, until there is no turning back.”

We all know that the average Joe in Germany has pulled his nightcap down over his ears and eyes, and there has so far been no great uproar when, in recent years, democracy has been whittled away and sovereignty transferred to a monster that is nothing but a proconsul for the interests of the banks and the increase of its own privileges. And now we have reached the point, as the late French President François Mitterrand’s advisor Jacques Attali admitted in times past, that the euro had been deliberately endowed with a birth defect: that under emergency conditions it would allow the creation of a European Federal State.

Inhuman and Incompetent

The policies of Merkel, Sarkozy, Barroso, Van Rompuy, Juncker, Trichet, Draghi & Co. are just as inhuman as they are incompetent. Even the house organ of the City of London, the *Financial Times*, commented on the results of the EU summit, that it is wrecking the European economies, and will lead to a depression such as Euroland has never experienced

3. Juncker is currently the prime minister of Luxembourg and the president of the Euro Group, which exercises political control over the euro currency.

before, of an historic dimension and with catastrophic consequences.

In fact, the attempt to install a European government to torment people with budget cuts, idiotic rules, and punishments, will not function. It is no vision for Europe, but a horror show. The only result of such a policy will be hyperinflation like that in 1923, a collapse of the real economy, and a social explosion.

The international financial oligarchy certainly intends to respond to this breakdown crisis of the globalization system by setting up a world dictatorship, global “governance,” in which financial interests, the politicians loyal to them, and private NGOs take the place of sovereign and representative systems of government. But a global dictatorship particularly requires that it be established in the United States as well, eliminating the last vestige of constitutional separation of powers there.

The systematic acquiescence of the American Congress to Executive Orders in the tradition of Nazi crown jurist Carl Schmitt; the amply documented affinity between President Obama and former Vice President Cheney in foreign policy, as well as in Obama’s numerous violations of the Constitution—whether by the deliberate murder of American citizens abroad, or by launching a war in Libya, not approved by Congress, that culminates in the murder of a foreign head of state and four members of his family—all this shows how alarmingly close the U.S. has already come to such a dictatorship. The great danger is that another feigned attack, a staged incident, could provide the pretext for military dictatorship in the United States.

There are plenty of examples in history that show how severe economic crises or systemic breakdowns lead to wars. Anyone who is not in total denial can recognize this today. And there is only one way that this danger can be blocked, namely by eliminating, once and for all, the dynamic that is leading to war: the systemic crisis of the global financial system.

The only way the crisis can be overcome is by the immediate implementation of a two-tier banking system, eliminating the entire high-risk speculative financial sector, and extending new credit lines for a comprehensive reconstruction program, such as expanding the World Land-Bridge and similar projects. Only international economic cooperation for the common aims of mankind can effectively avert the danger of war.

Translated from German.