European Disintegration. Opposition Grows to Merkel-Macron EU Superstate

By F. William Engdahl
Global Research, March 19, 2018

Region: Europe
Theme: Economy

Featured image: Dutch Prime Minister Mark Rutte

A predictable process of disintegration across the European union is underway. It has now gained momentum not only from the elections in Italy where more than two-thirds voted against open borders refugee policies pushed by Brussels. And it comes not only from Austria or the East states such as Hungary and Poland or the new Austrian government. Now opposition to the Berlin-Paris-Brussels "centralist" axis is coming from Holland and a group of northern EU countries. The issue at the heart involves nations who are asserting the sanctity of national sovereignty versus those who want to dissolve borders and create some form of top-down EU Superstate, euphemistically called the "ever closer union." The conflict will determine the future viability of the entire European Union project. Brexit was only the first crack in the EU edifice.

'Sovereign nations'

During a visit to Berlin March 3, Dutch **Prime Minister Mark Rutte** bluntly came out against the recent trend led by Germany, France and other EU states to create a top-down central supranational state along the lines of a United States of Europe. He told press,

> "There has been this narrative that there is this inevitability of closer cooperation in a European federal state."

He became blunt:

> "This horrible language about 'ever closer Union' I don't like. In the past 20 or 30 years this has moved from ever closer union of the peoples of the EU working together on collective issues, where member states weren't able to deal with it themselves, to become an inevitable goal in itself."

Then Rutte declared the unspeakable "S" word:

> "We can **never forget that these are sovereign nations**. This is not a movement in itself, just when needed in special occasions. It has moved from a collective effort of nations to a goal in itself. It's totally wrong!"

North-south divide opens

Now in addition to the growing East-West divide within the EU between Poland, Hungary and others versus Berlin and Paris, there is a clear North-South divide opening. Rutte's throwing down the gauntlet in Berlin was followed three days later by a meeting of eight northern EU finance ministers including Netherland on 6 March where they issued a common statement that was directed against the French-German Macron Plan that seeks to create more centralized Brussels control beginning with a single EU finance minister. The finance ministers of Holland, Denmark, Estonia, Finland, Latvia, Lithuania and Sweden issued their declaration from Den Haag where the meeting took place.

Macron, with apparent backing of the new German coalition, joined with EU Commission **President Jean-Claude Juncker** to call for a common Eurozone budget and a European finance minister as the first step to a central fiscal union that would be even more controlled top down from Brussels. Macron proposes in effect an ultimate EU fiscal union, with Europe-wide taxes and spending, even more top down than at present as sovereign nations would largely lose the taxation sovereignty. Macron's plan is a thinly-disguised attempt to create an EU fiscal union in which German taxpayers as well as Dutch and other conservative EU members will in essence bail out Southern European countries, including Greece and Italy where French banks hold the largest exposure. Macron unveiled his plan in September 2017 just as German elections were taking place. He promoted it as a way to a "sovereign (sic), united and democratic Europe," something it definitely is not.

Soros in Background

The push for a Brussels-run EU, ultimately with the central power to issue "Eurobonds" for the entire Eurozone, has been a top issue for billionaire US hedge fund speculator, George Soros. Were this to happen, it would turn the EU into a huge financial target for currency speculators and make Germany and other fiscally prudent states the paymaster for weaker states such as Greece or Italy or Spain in the next financial crisis, and make no mistake there will come a next, as nothing fundamental has been done by EU governments since the 2008 crisis to fundamentally reduce systemic risk. The zero interest rate policy of the ECB has kept the debt bubble inflated across the Eurozone. Since the ECB introduced its unprecedented program of buying Eurozone state debt in 2015, the ECB has bought an eye-popping €2.3 trillion of euro securities to end of 2017. All agree this is unsustainable. The question is what to do.

According to media reports, on 14 November last year Soros requested a private, unpublicized meeting with Benoît Coeuré, a European Central Bank executive board member. According to Coeure's diary published in February this year, they discussed "euro area deepening." An ECB spokeswoman told Reuters the meeting, which was also attended by a representative of his hedge fund and another ECB official, was to discuss a common eurozone budget and Treasury/Fiscal Union.

The surprise decision of **Chancellor Angela Merkel** late last year to "kick upstairs" long-standing and respected fiscal conservative CDU **Finance Minister Wolfgang Schauble**, the way was cleared to name a new German finance minister more open to the Macron ideas, something Schauble bitterly opposed. With Schauble gone, the resistance is greatly weakened to creation of a de facto Eurozone "transfer union" in which northern EU states, including above all Germany, accept large fiscal or tax transfers to the heavily indebted Eurozone states of the south. The ultimate winners in such a scheme would be French banks.

As the new German Great Coalition was finally announced, Merkel and Macron have decided to postpone their push for the Macron reforms at the EU summit in some weeks, claiming lack of adequate time for the new German government to prepare. In reality, it will likely reemerge in full fury in May.

According to a report in the online US news site Politico, EU Commission Vice President, **Valdis Dombrovskis**, revealed plans to propose creation of so-called "European Safe Bonds" (ESB) or "Sovereign Bonds Backed Securtities" (SBBS) at the May EU summit. The state bond debt of different EU states would be "bundled" into new securities and sold. As the US rating agency Standard and Poors noted,

> "European safe bonds (ESBies) have been proposed as a tool to increase the supply of 'AAA' rated euro-denominated assets and reduce systemic risks from banks' large holdings of bonds issued by their respective sovereign governments."

The reality they point out is likely to be the opposite. German AAA bonds will have to be "bundled" with higher risk bonds from countries such as Italy or Greece in an effort to sell the risky Greek debt.

As the 2007-2008 US asset-backed securities crisis revealed, these schemes to bundle risky debt with safer debt such as Germany backfire badly once a real systemic crisis erupts. As Dutch Prime Minister Rutte warned, beware of US hedge fund operators bearing large gifts and beware of sly attempts to further erode EU national fiscal and other sovereignty to stabilize de facto bankrupt Eurozone French and other banks.

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The author cogently reveals a diabolical world of profit-driven political intrigue, government corruption and coercion, where genetic manipulation and the patenting of life forms are used to gain worldwide control over food production. If the book often reads as a crime story, that should come as no surprise. For that is what it is.

Engdahl's carefully argued critique goes far beyond the familiar controversies surrounding the practice of genetic modification as a scientific technique. The book is an eye-opener, a must-read for all those committed to the causes of social justice and world peace.

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