

Global Systemic Crisis: Towards a Renaissance in European political and economic integration

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Global Research, February 18, 2012

Global Economic Anticipation Bulletin
(GEAB) no 62 18 February 2012

Region: [Europe](#)

Theme: [Global Economy](#)

As anticipated by LEAP/E2020, the fear largely fed by the City of London and Wall Street of a Eurozone break-up over the Greek debt crisis proved unfounded.

Euroland has come out of this violently conflictual episode with its “natural allies” much reinforced. According to our team, 2012 will mark the starting point for the perpetuation of a new global power, Euroland. However, this development remains conditional on the question of democratization that we analyze in this issue, through the three sequences of Euroland’s evolution 2012-2016. These five years will lead Europeans to profoundly influence a global geopolitical rebalancing whilst domestically a radical new phase of European integration is opening up in the coming months. Moreover, this GEAB issue anticipates the US Dollar’s progress as a dominant currency for global commercial transactions. The 2012 to 2013 period will in fact bring great changes in this area directly affecting global trade as the relative power of the currencies involved. In addition recommendations on currencies, gold, Greece, Russia, the US economy and stock markets, LEAP/E2020 offers a preview in this issue of the next book to be published in March 2012 by [Anticipolis Editions](#) entitled “2015 – The Great fall of Western real estate” by Sylvain Périfel and Philippe Schneider.

For this press release, LEAP/E2020 has chosen to present its anticipations on the first of the three Euroland sequences 2012-2016.

As previously announced, LEAP/E2020 is presenting its anticipations for Europe over the 2012-2016 period in this issue. In the context of a global systemic crisis, two strategic trends will mark these five years for Europeans: on the one hand the stabilization of Euroland as a new full global power (1); and, on the other, the absolute requirement for the European elite to raise the democratic freeze which now weighs heavily on the process of European integration. In this issue our team analyzes why, starting from the second half of 2012, conditions will be at their best for Euroland to take on these two trends fully (2). Of course, numerous economic, financial, strategic and political challenges remain for Europeans; but, with the global systemic crisis entering its phase of reconstituting world geopolitical balances, with Euroland, they have a “new sovereign” able to positively influence the course of events (3). Of course, this capacity is conditional upon the democratic legitimization of the whole of Euroland governance. From 2012 to 2016, three major sequences will characterize Euroland’s stabilization as a full sovereign and the lifting of the democratic freeze.

Before going into the European case in detail, our team would like to remind readers that

the big difference today between the anticipation of the United States' development and Europe's is due to the fact that the United States has a completely paralysed antiquated politico-institutional system, whereas European integration has a strong dynamic associated with great institutional flexibility. The absence of major reform in the United States since the beginning of the crisis in 2008 compared with the impressive series of European institutional leaps and bounds since mid-2010 (developments considered impossible by many just two years ago) offers a striking illustration. In the American case, the question of anticipation of events thus forces to be able to identify the points of rupture of a sclerotic system. In the European case, it's a question on the other hand of targeting the course of events and evaluating their pace of development (4). Which is much simpler in fact when, like LEAP/E2020, one has a good understanding of how Europe functions institutionally, and has a good sense for public opinion in the various Member States (5).

The last point of this preamble, the European decision-making process will considerably improve for Euroland since, from now on, only the countries using the Euro will take the decisions. Moreover, it's a feature of these years of crisis to have finally clarified an absurd situation which saw countries outside the Eurozone, even anti-Euro (like the United Kingdom), take part in decisions on the Euro. But nevertheless, the very nature of the European decision-making process, implying negotiations and compromises, will continue to show it as being chaotic and slow, as opposed to national decision making. It will be much less than before, but still there all the same because it's the very characteristic of the functioning of European integration; ultimately it is also one of its conditions of effectiveness, in order that each State really applies what has been decided.

Now, let's move on to the analysis of the three major sequences which will characterise the 2012-2016 period. These three sequences have been presented out of sequence to make them clearer; but it's obvious of course that they all overlap.

1st Sequence - 2012-2013: End of Euroland's consolidation of its budget-finance operations / Launching of the first pro-active common socio-economic policies / Acceleration of the distinction between Euroland-EU

By mid-2012, as we have already indicated in preceding GEAB issues, Euroland will be endowed with a whole set of new national leaders (Spain, Italy, Greece, France, Slovenia, Belgium,...) and the following months there will be elections in Germany. Euroland will thus be led by men and women who, for the most part, came to power after the start of the crisis.

Until the end of 2011 it wasn't the case; quite the contrary, most Eurozone leaders were electoral products of the world before the crisis. The fact that these leaders, mediocre politicians in the main, and completely unprepared for the collapse of the values/beliefs which they held until 2008, were nevertheless able to face relatively well the global crisis, then the Greek crisis and its effects, against the background of a violent attack on the European single currency by City of London and Wall Street, was proof of the dynamics of European integration at work within Euroland. In fact, our team considers that they were the generation of politicians the least prepared to "save European integration" since they were generally not very interested in Europe and often under the control of the banks and Washington. To pick up from an analysis of Franck Biancheri's going back to 1989, "the

babyboomer politicians are likely to break the European project of which they understand nothing, prior to the “Erasmus” generations entering the fray”.

It will never be known what would have happened if the global systemic crisis had exploded five years later, but what is certain is that they will have managed to avoid “breaking Europe”. Even Nicolas Sarkozy, who we consider has been the worst French president of the Fifth Republic for France and Europe, as our readers know, deserves credit on this subject for having had the savvy to push ahead on the need for summits for Euroland leaders only. What this episode teaches us is that if even unprepared and unreliable leaders knew how to find the answers allowing the building of the bases for Euroland in the middle of an historical crisis, it’s reasonable to believe that more inspired and better prepared leaders (at least due to the fact that they will have lived through this crisis before coming to power) will be able to fare at least as well, if not better (6).

This analysis is reinforced by another determining factor of the European decision-making process: in the absence of the system’s democratization, the technocrats are the real masters of the game on the EU circuit including Frankfurt, Brussels,... and national capitals (7). They, since the creation of ECSC in 1951, wove the fabric of European integration. They, who offered our disorientated leaders the solutions of these last two years. They, who are already preparing the initiatives for the next few years. But to be able to take the leap of European integration, they need the politicians. And the politicians are only ready to take risks in two cases: when they are afraid and when they are visionaries (8). Fear was the incentive in 2010/2011. The vision of the future will be that in 2012/2016.

Two elements determine this swing from reaction to project, because it’s indeed that: fear involves only reactions; the vision of the future is typified by projects.

On one side, after the “bolt tightening” episode, quite rightly demanded by the countries in surplus (Germany, Netherlands, Finland,...) (9), we saw the idea developing everywhere amongst the Euroland elite that it was also necessary to project oneself positively in the future (recovery, common investments, Eurobonds,...). Transition by the austerity phase was inevitable, as we had anticipated since 2008/2009, because Euroland integration requires common rules, actually applied, and to stop the policies of collective over-indebtedness promoted these last decades by the bankers and the financial centres of the City and Wall Street.

Greece is a textbook case. We comment further in our recommendations in this issue but we are very clear in this issue: to overcome the Greek problem, it’s necessary to break the parasitic ruling class which led this country to ruin. However, Euroland hasn’t really the means to do it to date, apart from really showing the Greeks that nobody trusts their leaders any more. It’s also dissuasive as regards other countries’ leaders, trying to keep power by debt.

Thus 2012 and 2013 will see the finalization of the new rules for common budget, tax and economic governance in Euroland. Common budgets control, progress towards fiscal harmonization (10), repatriation of the Euro financial markets to Euroland (11), reinforced financial regulation, a European credit rating agency, a financial transactions tax, Eurobonds, introduction of a maximum limit of exposure of government debt to non-Euroland financial markets,...

For the teams coming to power in Euroland, these developments are obvious; whereas they were revolutionary for their predecessors. But, on these bases, the two years to come will also see the launching of several major common initiatives intended to build the future: a common program of public investment (common infrastructures in the fields of transport, education (12), training, health, science and technology,...).

Their financing will start one of the big debates of these next two years because it will be impossible, according to our team, to avoid recourse to direct borrowing from citizens, thus short-circuiting the banks and financing on the financial markets. For an amount equivalent to that of the MES, 500 billion Euros, half will cut government debt dependence on the international financial markets (via Eurobonds) and half will finance major future projects. If the MES is an embryo of European Monetary Fund, this major loan will be the bedrock of a European Treasury. And it will belong to the panoply of trans-European social solidarity tools which will emerge by 2014, for gradually replacing the numerous traditional EU structural funds (13).

Moreover, from the second half of 2012, Euroland will see the French's constructive return to the European project. It's a reality forgotten by many since it's been 17 years since it disappeared from the European decision-making process. Whether it be Jacques Chirac or Nicolas Sarkozy, none of the French presidents since 1995 had a European streak (unlike their predecessors – De Gaulle, Giscard and Mitterrand). Jacques Chirac at least had the Gaullist backbone of the refusal to be subservient, which enabled him to resist the general recruitment for the invasion of Iraq, in partnership with the German chancellor Gerhard Schröder and Russian president Vladimir Putin. Nicolas Sarkozy himself hasn't had any backbone, national or European. He will have done nothing, only cross the political landscape (14) driven by interests foreign to the common good of the French and Europeans.

These declining or anecdotal trends have, of course, been reinforced by the Anglo-Saxon domination of the European agenda, pushing expansion and the European Market to the detriment of integration and European power. In the end, that's 17 years that France has ceased making its intellectual contribution to the advance of European integration (15). This "French absence" at European level was only the reflection of a growing disconnect between Parisian power and the true country (16); a situation which, according to LEAP/E2020, is approaching its denouement with the overwhelming rejection of the current president by the French.

Without too much of a wait, the next election of François Hollande at France's helm will allow the bond between the true country (17) and French leaders to be rebuilt, at least for a year or two; sufficient time to revitalize the French contribution at European level. The socialist candidate's personality also works in favour of this development. He's a politician for whom Europe is a key component of his commitment, along Mitterrand-Delors lines; and he has the right profile for future Euroland leaders over this 2012-2016 period: they will have to be good team players because managing Euroland will be a team business and not one for individuals. These five years will more resemble an in-house stowing of a space station's various pieces of equipment than a cavalry charge. Each epoch needs a certain kind of leader: the Euroland of the next few years needs European team members, reliable and inventive, knowing where they want to go and aware that they can't get there on their own. Beyond any partisan considerations, in his course and the conduct of his campaign, our team thinks that François Hollande has shown that he has these qualities (18).

In this context, he has to urgently reposition his campaign speeches on the renegotiation of the current European treaty into promising to negotiate additions to it. It's necessary to reassure the German and Dutch partners in particular; and it's useful for Angela Merkel to avoid making the major strategic error of entering the campaign at Nicolas Sarkozy's side (19). For, on the one hand, this does nothing to avoid the defeat of the latter (and even the opposite); and, on the other, that will make the first months of Franco-German co-operation after the 6th May 2012 more difficult, even if it's urgent to open the driving core of Euroland to other countries (Netherlands, Spain, Italy,...).

At the same time these two years will see the acceleration of the difference between Euroland and the EU. It is a phenomenon which will in fact characterize the whole of the decade. Euroland which functions to a large extent in the form of informal networks will gradually have to equip itself with some institutional bases. They will be modest because nobody wants a repeat of the bureaucracy which definitively ossified Brussels; but modelled on the ECB, the MES, a secretariat of Euroland governance will prove to be necessary very quickly, then certain specific institutions as well as a specific Euroland component within the European Parliament (meetings reserved for the European representatives of the Euroland countries to discuss specific Euroland questions, modelled on the Euroland summits).

This development will be all the more strong and rapid that the United Kingdom will try to slow down or block Euroland actions. There was such an example of the counter-productive effect of the British veto last December; it quite simply obliged the others to move on without London.

In general, Eurolanders will seek to use the existing EU institutions but distancing non-Eurolanders from the decision-making processes. Each time it's impossible or too complicated, a new institutional base will be created. This development will be all the easier as all the EU countries, except for the United Kingdom, have a rationale for adhesion to the Euro in fact (20). Most EU countries know that they will be in Euroland by 2017; which greatly facilitates Euroland progress for the years to come.

Thus, after about fifteen years of mistakes under British and US influence, during which Europeans were misled on enlargement projects without a future (Turkey, Ukraine,...) (21) and illusory economic-financial strategies (Lisbon treaty strategy,...), the next few years will bear the mark of the return to political and economic integration, as was the case at the time of the first EU renaissance in 1984-1992. According To LEAP/E2020, 2012/2013 will thus mark the beginning of the second EU renaissance.

Notes:

(1) That's to say being able to call up all a "sovereign's" attributes: currency, budget, economy, international policy and defence.

(2) By the way, we point out that LEAP/E2020's anticipations since 2006 /2007 on Euroland's emergence due to the global systemic crisis proved to be right; just like our warnings against the forecasts of those who saw, still only a few months ago, the Eurozone breaking up and the Euro disappearing. Remember that on this subject our anticipations have always been founded on rational and objective analyses, respecting the principles of political anticipation methodology, whatever the personal opinions of our team members. It's that, and only that, which has enabled us, since 2006, to calmly face the dominant thinking or the periods of mass hysteria which always feels outraged by refusals to think like everyone else.

In a crisis period, lucidity is essential to try to understand events and their consequences. Yet lucidity is incompatible with “ready to think”, whether dictated by power or fear. By way of an anecdote, [CNBC](#)’s headline on 15/2/2012 on a better Euroland economic performance than forecast by the Anglo-Saxon “experts” was very revealing: “Euroland GNP better than hoped for. What does that mean?”. On the one hand, one can legitimately wonder whether the first part of the title shouldn’t have said “ Euroland GNP “not as bad as hoped” to reflect these “experts”’ real state of mind ? And, on the other hand, the question in the second part of the headline sounds like a kind of confession: “and if one had taken our desires for realities?”.

(3) This trend is reinforced by the massive arrival during this decade of the generations born after the signature of the Treaty of Rome, the first generations for which Europe is a natural socio-political area... unlike the babyboomer generation, privileged pool of the Eurosceptics.

(4) Of which the Anglo-Saxon media which nourish the world media goldfish bowl are incapable, in particular because they generally look through the British prism which is ideologically unable to understand the continental process of European integration as other than a threat to avert or scorn. Two attitudes which aren’t very favourable for generating lucidity over events.

(5) For information, nearly a year before the French and Dutch referenda on the European Constitution, in the context of the splitting of responsibilities between national and European institutions, we anticipated that the “No” votes would carry the day in the two countries (when all the surveys gave victory to the “Yes” votes).

(6) In previous GEAB issues we have already evoked the comparison with the Euro-missile crisis, which in less than three years led the European Community, after a change of leaders, from an existential crisis to the first renaissance of the Community project (1984-1992).

(7) It is so true that they are able to replace failing politicians in government posts like Mario Monti in Italy or Lucas Papademos in Greece... and with an unquestionable success for the moment in the case of Mario Monti. This situation thus leads citizens to cast a very critical eye over their national political classes, pushing them to reform themselves in the next few years. Source: [Independent](#), 15/02/2012

(8) The two cases are exclusive since a visionary politician has little chance of letting himself be trapped in a frightening situation; whereas the frightened politician is the one who has exactly no idea how to get out of a trap.

(9) Countries which Nicolas Sarkozy’s France clung to, so as not to appear as belonging to the other camp

(10) Once the Greek situation has been stabilized, Ireland and its tax dumping will be the centre of Euroland’s attention.

(11) The City has led a two year “blitzkrieg” in vain to try and break the Eurozone. From now on Euroland will increase the pressure each year to reduce the already declining power of the City. And David Cameron, like the British Eurosceptics financed by the hedge funds, won’t be able to do much by the way, whatever they think only 34 kilometres separate Dover from Calais.

(12) In particular, a vast programme, successor to Erasmus, simultaneously training the European elite, of a sufficient number and quality; and to offer the European dimension to hundreds of thousands of young people each year, is a very practical form of democratizing access to Europe.

(13) A few years ago our team ironically explained to the high level officials in Brussels that if they didn't set up trans-Euroland solidarity policies to face asymmetrical shocks, then it would be necessary for them to invest heavily in European riot police to control citizens' anger.

(14) We remind that we have been anticipating since November 2010, in GEAB N°49, that Nicolas Sarkozy wouldn't be reelected in 2012.

(15) The episodes of the poor European constitution project and the adoption of the Treaty of Lisbon without a referendum are two other illustrations.

(16) A president re-elected by default in 2002 when Jacques Chirac faced with Jean-Marie le Pen; and deception over the "goods", identified too late after his election, with Nicolas Sarkozy in 2007.

(17) One of the axes of his policy exactly aims at decentralizing, "de-parisianising" French power. Source: [Débats 2012](#), 27/01/2012

(18) He will have five years to prove that he can be François EurHollande.

(19) An error largely interpreted as such in Germany.

(20) Including Denmark which is waiting for the right moment for a referendum on the subject (source: [Euronews](#), 23/01/2012). The Czech case is very simple: with Vaclav Klaus no longer president, the Czech Republic will join the remainder of the European countries to prepare for Euro entry. It will be a phenomenon similar to the 2007 replacement of the Polish Kaczynski twins, pro-American and anti-European, by current the Prime Minister Donald Tusk, leading to a 180° turn in European policy. A final remark on the Klaus case: his party like his re-election to the presidency in 2008, via the vote of members of the Czech parliament, faced multiple accusations of corruption. Its "representativeness" of Czech public opinion is measured with these kind of "details". In 2013, the president will finally be elected by universal suffrage. Source: [Rue89](#), 09/02/2011

(21) This drift of the original European project prevented citizens from concentrating on the question of the governance/democratization tandem since Europe was always a movable feast. Thus, even at young generation level, the official promotion of this Europe without borders prevented the emergence of new initiatives to try and influence their future. Our team can note that currently, and at very high speed, this situation is changing radically.

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