Against the Permanent Crisis and Political Hot Air

For Genuine, Direct Democracy

MENSCHEN F§R DEMO-KRATIE

Contents

Living with the Permanent Crisis

The currencies of many EU countries had already lost value in the late 1980s, so that government bonds became junk. Moreover, the state coffers of many EU countries were depleted. The Insolvency Regulation, which would be the legal basis and an instruction manual for the orderly dispatch of individual state transactions, has been delayed by political manoeuvring as a kind of disorderly solution.

Instead of restructuring debt, replacing currencies and getting the affairs of the state in order, the politicians swerved to another plan: the introduction of a common currency (the euro). This lowered the debt, but the euro was too soft; the counter-value of the currency was not enough to pay off the debts. The EU started postponing default and the states received aid in the form of public loans, even though its own bylaws prohibit this. The currency union became a debtor union, which is still struggling to avoid collapse.

They have been able to prevent it so far with the gimmicks of the central banks (printing more money, creating a glut of liquidity, mini and/or negative interest rates, etc.), especially the European Central Bank, or ECB. The debts of the EU countries piled up until they were unpayable. According to an IMF estimate from 2008, Germany, Spain, Italy, Finland, Sweden and the UK were among the countries with an official recession (two stagnating quarters) in 2007, as in other parts of the world such as the U.S. or Canada. The currency system was so shaken by the Lehmen Brother's crisis in 2008 that a permanent crisis took hold, in the euro countries above all, and has been managed by policy leaders since then according to the principle of "paying off debt with more debt."

This year, Germany will face perhaps the most important choices ever for electing new leadership. It will be up to the voters to decide whether to continue or end the euro delusion, although citizens have very limited rights to participate in political decisions and are only moderately informed about the poor state of the treasury and the country's wealth. The results of such an election hardly reflect the opinion of all Germans, because the electoral system is in need of urgent reforms. And this is being prevented by the politicians too, as is the participation of citizens in political decisions overall.

The foundation of democracy, a constitution for Germany, was not implemented after reunification, despite the fact that elements of direct democracy were worked into the Basic Law provisions.

These considerations are what led the Alliance for Democracy to develop this brochure, to comment on topics that are particularly important to us, which are:

- The cover-up of insolvency in the euro countries.

- The cover-up of the failure of aid programmes.

- The misleading information provided by eurocrats to supervisory authorities like the IMF, taking aid figures out of context and making the euro and the European crisis worse.

- The cover-up of the actual consequences for Germany of the euro crisis (regarding salaries/wages, the cost of living, pensions, etc.)

- The fraying of democratic structures.

  and:

- The collapse is inevitable, regardless of the partisan direction in which the nation's leadership takes us after September 2017. It is simply a question of the type of exit we want – orderly or disorderly.

This brochure summarizes how politicians found ways to establish a permanent crisis that deprives the euro countries, including Germany, of their assets. The Alliance for Democracy (MfD) also references its own its publications:

- *The German Disaster. How the Germans were cheated of their democracy and why the prospects for Europe can scarcely be better*, Frankfurt am Main 2014, and

- *Colossal Public Fraud in Germany and Europe – Essays on the (Financial) Policies of Our Day and How They Can Be Improved*, Frankfurt am Main 2016.

It remains to be seen how the politicians will maintain a peaceful Europe under the current conditions. The Alliance for Democracy believes this can only be achieved by means of an Insolvency Regulation for the euro and the EU countries, through mutual debt relief and monetary reform, as well as the reorientation of policy. This would be the orderly exit that the Alliance for Democracy described in its publication *Colossal Public Fraud in Germany and Europe* (p. 141 ff.) toward a genuine, direct democracy (ibid p. 209 ff.) that will permit the unrestricted control of power.

As long as those in power continue to pursue to the same policies, which have only brought misery, to keep a political idea and all its imagery alive, the money traders will continue to be happy as they earn enormous sums of money on the euro's decline.

Due to the gap between the reality of European life and the theories of the eurocrats, the only thing remaining is an accidental collapse caused by a computer error. or a real collapse caused by further reductions in interest rates by the ECB, or the refusal of debt servicing payments for Greece, for example, by the International Monetary Fund (IMF) or a disorganized exit. This would mean: revolution, civil war, war.

Nevertheless, there is something rotten in the states, the euro states and the European Union (EU), so all is not lost: There is hope. Hope for an exit from the euro, hope for currency reform (especially one that addresses the question of implicit debts, i.e. the deficits in the social security systems), and hope for new politicians – politicians who understand that they hold office to provide a service. And, above all, hope for citizens who no longer allow politicians to silence them.

The Alliance for Democracy

MENSCHEN F§R DEMO-KRATIE

Political Nightmares

Since Britain's decision to leave the European Union, the structures of the artificially sustained euro monetary system have been exposed as unsustainable. But the EU determines the lives of half a billion people with uniform regulations.

- How should an exit of the euro countries be organized, and what would that mean for the EU countries who do not use the euro?

- How should those advocates of this deceptive construct explain the errors they committed while in control of a system about which doubts were expressed in the EU Parliament and elsewhere?

- How can those in power explain the harm they did to the idea of a united Europe with the introduction of the euro, inflicting massive mortgages on future generations with their mismanagement and their perversion of the law?

No one wants to admit responsibility for such failures. So, after the silent bankruptcy of the euro countries, we can assume that the EU will quietly continue what it started. That is to say, the eurocrats need a plan that permits them to hold on to power. This means either the British return to the union, which is unlikely, or a plan is developed that does not include the British and prevents other countries from following their example.

European Commission President Jean Claude Juncker recently proposed such a plan: a so-called core Europe with close integration. Each EU country would decide the matters on which it would like to collaborate with the others, as in the case of the euro and various scientific and economic programmes. In this respect, the proposal is hardly new. The plan is for countries to *orbit* around the EU. These could include countries like Great Britain and Turkey. Junker has called this plan *the Europe of concentric circles or a multi-speed Europe*.

According to the CAI, DPA and AFP news agencies, Juncker presented this idea on 24 February 2017 during an event at the Belgian Louvain-la-Neuve, calling for the remaining euro countries to reach agreement by the 2019 European Elections on a version of Europe that does not include the United Kingdom. The entire vision of this new/old hat was laid out by Juncker in a white paper on 1 March 2017 in the European Parliament. The first debates on the proposal were held on the occasion of the 60th anniversary of the Treaty of Rome on 25 March 2017.

Unfortunately, Juncker's proposal does not provide a solution to reducing the national debt of the euro countries and keeping the currency. The plan bristles with anger and revenge against the British, who dared to leave the EU. According to DPA, this was evident in Juncker's address of the Belgian Senate in Brussels on 21 February 2017.

It remains to be seen whether Juncker's scare tactics will prevent other countries from following Britain's lead and leaving the union, because each euro country is risking its future as it continues to delay an orderly exit, which is currently still possible. If more countries leave the union, it will become more difficult for the political decision-makers to cover up the full extent of the crisis.

Collective Duplicity

Johann Wolfgang von Goethe wrote: "No one knows what he is doing so long as he is acting rightly; but of what is wrong one is always conscious" (Goethe, Johann Wolfgang: *Wilhelm Meisters Lehrjahre*, Leipzig 1910). So, we must assume that the silence surrounding the bankruptcy of most euro countries by the political leaders of those countries and those who reached agreements with them was intentional and that there was even a cover-up by the supervisory authorities, who are supposed to prevent such violations.

The Alliance for Democracy wrote a letter to the IMF, to European financial supervisory authorities, and German authorities such as the Institute of Auditors, explaining how the European Financial Stability Facility (EFSF) accounts had been certified despite having no counter-funding basis.

Both funds, in the manner in which they are set-up and managed, are part of a PR ploy, which purports that European processes are complex on the one hand but fully controlled by the responsible parties on the other. This is not true. The EFSF and ESM cannot help stabilize unstable national budgets. The only way to do this is to exclude the inconvenient costs of unauthorized public financing from the euro country budgets to comply with the deficit limits established under the Maastricht stability terms.

EFSF and ESM have no capital that could be used if a euro country defaults. Their aid consists only of loans to help pay off debts (with the banks). Deposits into the funds by all countries, including Germany, are also loans, i.e. debt, which must be charged to the state budgets.

And the cleverest part of the PR plan is that there are no real funds, so the stabilisation fund is designed to provide aid in name only. It is a ruse.

The financial wizards even went so far with their lies as to trade both funds on the stock market. This gave the impression that the EFSF and the ESM were funds. Presumably, the banks and governments wanted to present proof that the funds were properly financed.

The circle from which this idea emerged, along with the PR ploy for rescuing the euro, is quite small. Part of the plan was for politicians, big business, banks, and even the financial supervisory authorities, to step up and perpetuate the myth of the euro rescue. The euro experiment had to succeed. What German, European politician would not give their heart for such a cause – and the joke is on them! And questions remain: Did all those euro-loving heads of state know about this? And if they did, what did they do to expose the mistakes, or rather the fraud?

So far, there is nothing to say. Those who make mistakes always feel obliged to continue to agree to the plan, knowing that this dooms the countries they represent. Or, they will argue that they did not know how far off track things had gone.

This would mean either the politicians did not know what was going on or they are playing along to save face, because they not only face the shame of being caught in such a blatant lie, but also the possible legal consequences. Or, the politicians are delusional and require psychiatric care.

The states that fell for the fraud cannot be saved, because their debts are not being reduced, since only debt relief can prevent insolvency. Nor can the shareholders in the stabilisation fund be saved. All were lured into a trap, believing in something that was not worth the paper on which it was printed, or buying something that could not be purchased, and above all: wasting their money.

In the MfD publication "Colossal Public Fraud in Germany and Europe – Essays on the (Financial) Policies of Our Day and How They Can Be Improved," the Alliance for Democracy exposed several political lies. The one about the relief fund deserves first prize, however, because it has had such a subversive effect on current and future politics. It overshadows all other lies about the euro. This one lie proves how indebted all European countries already were in the late 1980s.

This context of this lie is also one of the most well kept secrets of the eurocrats, who should be glad that few journalists have asked questions about it so far, or that no major publications pursued it so that it might have reached larger audiences. To this extent, the politicians who had fallen for the dream of the euro were right to believe that the major news outlets reflected the broader public opinion, because it was simply unconceivable for many citizens that the latter could be wrong. Smaller publications were dismissed as dreamers. This is a pity, particularly at a time when there are more sources of information than ever before. Despite this, there was only restraint and disbelief. It is clear that this approach is neither based upon nor follows democratic principles.

This means that if any euro country, such as Greece, but also Spain or Italy, cannot be saved from bankruptcy, all citizens will be liable. Germany will have to provide €2 billion. The German budget does not have such funds. The bank accounts of its citizens will be expropriated. This process is unlikely to be democratic.

The bureaucrats have no choice but to continue with the same plans over and over again because they do not want to admit bankruptcy, so currency reform will have to come after the bank accounts of the people are expropriated. This last happened after the Second World War.

With the introduction of a 50% reduction in the real estate tax of 50% of the market value in instalments of 1.67%, the *Lastenausgleichsgesetz* ("Equalization of Burdens Act") ensured that all mortgage loans taken out with high finance (on average) to which financing costs were applied as a means of redistribution (from bottom to top) were withdrawn. This same principle could also be used to reduce government debt in the event of sovereign default, and could be extended to finance large government projects, using income and other taxes without the knowledge of citizens.

So, the lies continue to pile up. This makes for consistent policy, even in the rest of the world, because the silence of the financial supervisory authorities in Germany and Europe, and even the IMF's silence, feeds the notion that they need a scapegoat on which to shift the blame away from the aforementioned officials, and even away from the political appointees. Russia serves this purpose – the cyberwar lie that is supposed to involve Russia, but also Donald Trump, the 45th U.S. president, who is willing to take on politicians around the world, but not the banks and industry, from which he profits. Whether this offence alone makes him a bogeyman or not remains to be seen. Donald Trump is not responsible for the erosion of assets in Europe and Germany, and neither is Vladimir Putin, but the governments of the Federal Republic of Germany and the European Union, who brought us the euro and have failed to abolish it when it was necessary.

Asset Erosion in Germany

The euro was introduced on 1 January 1999 as an accounting currency, and on 1 January 2002 as cash currency. Its introduction was based on the Maastricht Treaty, which took effect during the reign of the European duo Helmut Kohl and Francois Mitterand. The treaty entered into force on 1 November 1993. The friendship between Kohl and Mitterand is a symbol of German-French cooperation toward European unity, and was a step in the right direction along with the Schengen Agreements, but politicians always want more. Uniformity and complete diversity.

The euro was considered a masterpiece. Kohl and Mitterand were not (euro) dreamers, they were engaged in power politics and must have known about the insolvencies of their countries.

Today, politicians no longer determine what happens in Europe. This power has shifted to the banks, particularly to the European Central Bank (ECB), which is based in Germany. The campaign slogans to save the euro come from a banker, the head of the ECB, Mario Draghi. In a speech on 26 July 2012, the ECB president went on the offensive: “Within our mandate, the ECB is ready to do whatever it takes to preserve the euro.” This ruled out any government measures based on democratic principles of any kind.

In addition, the question arises: Why should the euro be saved at all, and then at all costs? And what is the price? What are the costs of saving it? The same criteria that applied to the introduction of the currency should apply to its bailout, taking realistic political and economic interests into account and not being influenced by euro-idealism: "If the euro fails, so does Europe" (Angela Merkel, addressing the German Bundestag on 19 May, 2010). The massive bailout measures of the ECB, the IMF, and the creation of the EFSF and ESM, meant the loss of the financial integrity of the euro countries, and these measures are not plausible without taking into account the real economic and financial interests.

Loss of Financial Integrity

In the Bretton Woods system, established in 1944, the floating exchange rates that characterize today's global system did not exist. The value of each currency was fixed against the U.S. dollar. The system was officially abolished in 1973 and the exchange rates were floated because fixed rates could no longer be maintained due to diverse economic developments that caused appreciation in strong and depreciation in weak economies. With attempts to maintain the system of fixed exchange rates, the necessary adjustments were put off for far too long. Speculation on when the rates would be adjusted brought profits to traders. The economic systems affected often suffered shocks from these adjustments due to drastic fluctuations. The current system of floating exchange rates, with possible gradual adjustments, seemed to be the priority against this backdrop.

After the Second World War, the European currencies followed clear lines of development – the trend of the German mark was upward with marked devaluations in the currencies of the Southern countries and the Franc. It can be assumed that these diverging lines of development were due to the fundamental structural differences between economic and political systems, particularly regarding competitiveness on international markets.

Floating exchange rates make long-term pricing in international trade difficult. That is why attempts were made – before the introduction of the euro – to harmonize the European currencies in a currency basket and allow them to float in certain corridors. These attempts proved inconsistent, and some familiar problems of the old Bretton Woods system arose. Individual currencies were allowed to float again. After the market adjustment, they were accepted in the currency basket again with a corrected value ratio.

With these experiences behind them, the politicians make the move to the euro. Although the European currencies have never been harmonized for very long periods of time due to divergent economic principles, the exchange rate mechanism was simply switched off without the possibility, even in exceptional cases, for freely floating the relevant currency when the economic pressure was simply too great. The idea that the European economic and political system is sufficiently harmonized to support a common currency seems so naïve when you consider the different economies, social structures and mentalities in Europe. It is inconceivable as the driving force for realpolitik, and would only work if the euro could absorb the loss of financial integrity of the EU countries.

The German economy is traditionally very export-oriented. The strong mark was seen as a problem: exports were expensive. The continuous appreciation of the mark was therefore a basic strategic problem for the German economy. The currency disadvantage could be partly offset by increased productivity and stagnation in real wages, but the long-term economic strategy could not avoid the real problem: the German mark!

The idea of a single European currency offered an opportunity to realize strategic economic interests under the cover of European idealism. The inclusion of structurally weaker countries would reduce the euro's strength without the previous upward pressure on currency appreciation from Germany. Monetary adjustments would be made to the major German exports market on a daily basis. Revaluations within the Eurozone that are adverse to the German economy were excluded. The German economy saw itself as the winner of the euro project and gave the green light. And it paid off: exports were consistently high, and the German economy enjoyed healthy profits.

A prosperous economy is not a disadvantage for the dependent employed population, but the consistent political arguments and the economic power behind it made it possible for German companies to deny the appropriate involvement of workers. Real wages stagnated with rising company profits. At the same time, workers faced considerable losses in purchasing power with the euro.

The euro was hailed as a stable currency for many years, until the euro crisis proved otherwise. This euro euphoria obscured its actual depreciation. With the crisis, Germans were forced to give up stocks that had a steadily increasing value (DM) for stagnant shares (in euros). The loss of purchasing power is only visible in a hypothetical comparison: How would a fictitious German mark change into euros?

A rough estimate suggests that the situation has reversed: When the euro was introduced, it was €1 for 2DM, and now it is 1DM for €2. This means that German savings and German purchasing power have been halved by the introduction of the euro! This is only an estimate, since the Alliance for Democracy has no experts on its staff to perform complex model calculations. This is the job of German politicians and the responsible ministries, who are not meeting their obligation to inform the public. Instead, they continue to cheer on the euro and conceal real inflation.

The manipulation takes place at two levels – (1) Inflation of consumer prices is reduced with gimmicks, and (2) Inflation of asset prices is supressed.

It is not a coincidence that the hedonic method came into use with the introduction of the euro, rather an indication of political manipulation. Real price increases are adjusted by improvements in quality. For example, if a car costs twice as much as last year, it is not considered a price increase if the new car drives twice as fast. We can only imagine how high actual inflation would be without hedonic gimmicks. The Alliance for Democracy cannot provide any specific calculations in this regard. That would be the job of the statistical office.

However, the tremendous glut of money since the introduction of the euro as compared to trends in economic output can provide a clue. It is a simple market law: When a market is flooded with a product, it loses value. The same is true of money. The European money glut leads to a loss of value, i.e. inflation.

Inflation has a particular impact on assets. It is obvious to everyone that inflation is the reason that scoop of ice cream costs three times as much as it did when we were children. We accept that inflation has tripled the nominal but not the real value of the ice cream. The viewpoint is often different in the case of assets. For example, a property owner prefers to believe that the value of his property has actually tripled. However, it is no different from the scoop of ice cream. Its value is inflated. This asset price inflation is not found in any statistics.

In short, German investors have lost much more than they think (euro devaluation), and what is leftover is worth much less than assumed (hidden inflation). Export-oriented economies win, the people lose.

The European Union is a structural debtor union. All Member States were already indebted when the euro was introduced. This did not changed after it was introduced, and the supposed stability criteria proved ineffectual. On the contrary, the debt burden has exploded, especially in the Southern countries. Relative periods of consolidation without rampant new borrowing are celebrated as a success, as in Germany today.

Finance Minister Wolfgang Schäuble's claim of breaking even is a fairy tale. The mountain of debt continues to be enormous, along with the interest burden. Old loans can only be serviced with more and more new loans. Nothing is repaid. Structurally, the member states are not in a position to cover their expenses with the corresponding revenue. This is partly related to poor budget discipline and political patronage. But, above all, it is related to fundamental or systematic political decisions: (1) The state surrenders its monetary monopoly to high finance, and (2) the state's limited funding potential is offset by loans – while protecting high finance and business, which are not appropriately taxed.

The state could print its own money. It would not cost anything. Instead, it borrows money from banks and high finance and pays interest on it. Why should a state do that? No one pays unnecessarily. Not even the state. It pays because it has to pay; because the real power lies with high finance. Germany also pays interest to high finance with the result that the underfunded state becomes dependent on the international financial markets. High finance determines policy and, above all, secures its return (interest). This is a double - undemocratic and unsocial - redistribution: political power and wealth are redistributed from the bottom up (to high finance). This is also concealed.

Neo-liberal economic theory would have us believe that the state is not allowed to print its own money. This inevitably leads to hyperinflation. This too is state propaganda, for the power of high finance is subtle. It does not send in (as long as it can be avoided) any mafia thugs. It chisels its power into political beliefs. This is an extremely effective system: The (protection) funds flow freely.

Other concealing tactics include the officially high tax rates that are never actually paid and not intended to be paid. Industry and empires are given sufficient opportunities to evade them. Tax reductions, tax havens and tax evasion are not loopholes, but an essential feature of a tax system that protects the rich and powerful. The actual tax burden is and is intended to be borne by the working people.

The introduction of the euro created new credit facilities and a supposed zone of stability. Southern countries with formerly weak currencies could now receive the (allegedly) strong euro loans to an extent that would never have been possible without the euro. The euro made it possible to take on more and more debt, on which profits were made by (1) high finance, to whom interest/protection money must be paid, and (2) the German economy, whose exports were further boosted by the loan-backed purchasing power of Southern Europe. Banks and industry earned cash. That's why they liked and still like the euro. For them, the single currency is a sensible continuation and extension of debt policy. High finance has a firm grip on highly indebted countries.

Loss of Political Credibility

We can only speculate about how long the euro crisis will continue and what will come after it. What is not speculation is that business, high finance and politicians will turn the process to their advantage. Even a sensible return to the national currencies can be perverted. It has been rumoured that a return to the German mark has long been planned in the form of drastic currency reform. The exchange rate would be expected to be extreme: For 10 euros, 1DM. Such a currency reform would be a *de facto* capital levy that would expropriate savings: The state makes cash. High finance and business are ready to adapt. They will organize their portfolios on time. It will affect ordinary people, whose pensions will be wiped out. Already affected by negative interest rates and the devaluation of the euro, pensions, benefits and savings will really be hit hard when the currency collapses.

Loss of Democratic Integrity

The euro also changed institutional structures, promoting and securing the transfer of power from public and at least indirectly democratic institutions to high finance. While the power of the independent central banks of the member states provided a counterbalance to potentially powerful and effective political bodies (parliament/ government), this balance of power is lacking in the EU.

Even before the introduction of the euro, the European Union repeatedly faced criticism on democratic principles. The underdeveloped European parliamentary system and the display of power of the eurocracy have encouraged the national self-interest of eurosceptics. However, the shift from democratic, public power centres to secret, small, undemocratic circles of power is not a specifically European phenomenon. It emerges everywhere official power centres fail: Unofficial power comes in to fill the vacuum. This can also be seen at the national level, where the parliament does not have sufficient expertise to elaborate complex laws, and legislating is outsourced to the ministerial bureaucracy.

Thus, under the Constitution, the Bundestag is the national legislative body, but actual power, actual legislation, lies with the ministerial bureaucracy. If there is no resources or expertise, legislation is outsourced to private law firms and lobbyist groups. The Bundestag is a conveyor belt between a hidden, unknown bureaucracy or lobby group and the people. These anti-democratic processes are increasing at the European level because of the structural weakness of the official European institutions.

The euro is linked to this overall anti-democratic trend in the EU, and resolves decisive questions of power in favour of high finance. At the same time, the euro is accompanied by an opaque institution beyond democratic control: the ECB, which is headed by representatives of high finance. ECB President Mario Draghi was previously Managing Director of Goldman Sachs.

The ECB gained its full political potential during the euro crisis. The already weak European Union was unable to act in the crisis because there was no common policy strategy, only irreconcilable policy models: more European integration versus more national responsibility; saving to restore budgets versus taking on more debt to boost the economy, to name a few examples.

The ECB moved in to fill the power vacuum and became a player. Politics is no longer governed by parliaments but by an unelected body with no democratic controls: the ECB. The political map has shifted away from traditional parliamentary democracy – with all its shortcomings, direct participation of the people but no genuine democracy – toward an unofficial power centre that is beyond the reach of democracy. The ECB sets policy guidelines: euro bailout at any price (Draghi: "whatever it takes") with an unlimited increase in the money supply.

The euro crisis arrived with Portugal, Spain, Italy and Greece on the brink of default. Emergency loans and bailouts were granted, the EFSF, and later the ESM, were created to help.

The ECB said it wanted to save the euro at all costs. The extremely low – even negative – interest rates help the indebted countries to refinance themselves on the financial markets. In addition, the ECB buys government bonds on a large scale to bolster their value and thus the state refinancing options. The ECB has recently become somewhat quieter around the euro crisis, the blazing fire has become a smouldering flame, but the crisis is not over. It is more likely that the negative interest rates, the exploding money supply, and the purchase of government bonds by the ECB has become the new normal.

With fixed exchange rates, there have always been crises, which have been solved at least temporarily by floating the exchange rates. However, the new and abnormal nature of the euro crisis has excluded this option, and a euro bailout is pursued at all costs. "If the euro fails, so does Europe," says Chancellor Angela Merkel. Politicians, businesses and banks are trying to prevent this from happening, although their motives are not idealistic. It is not – as Merkel suggests – about Europe. It is about the banks and high finance. In this sense, the term *euro bailout* is a euphemism for *bank bailout*. The profitable lending activities introduced by the introduction of the euro are to be hedged. Banks get (protection) money.

.

Therefore, debtors have to be kept alive because they will need more loans. Losses are nationalized with bank bailouts. This is done through the purchase of government bonds (ECB, ESM). Banks can sell these worthless government bonds in bulk and thus clean up their balance sheets.

Various declarations have been made about the introduction of the euro and its supposed bailout. These declarations were disseminated within the EU at the political level and through the press to the European people. Just as the acceptance of U.S.-led military deployments as “democratic interventions” is a cornerstone of the U.S. power strategy, the same must apply to the declarations regarding the introduction and bailout of the euro. However, the EU, including Germany, has lost all democratic integrity.

There must finally be protests. Democratic resistance can be politically organized, and take public action, like demonstrations. The foundation of all democratic resistance is thinking. "Thoughts are free," as the song goes. Democratic resistance begins when political transgressions are exposed and what is often taken as a matter of course is questioned.

The first step towards reducing the power of and democratizing the EU is the unmasking of pseudo-idealistic, imposed justifications, uncovering obfuscation tactics and exposing the real interests. This process is made impossible by the enormous responsibility that politicians have for the failures, which can be seen in the erosion of assets in Germany.

Loss of Wealth

If Greece had gone bankrupt in 2010, the banks would have suffered heavy losses. In the meantime, the debts have been restructured. Greece’s main creditors are the ECB and the IMF. The private banking sector would hardly be affected by Greek insolvency.

The bank bailout is financed by a hidden property tax: Interest is negative, savings are expropriated. The so-called euro bailout is another inequitable redistribution from the bottom up, from savers to high-finance. The basic strategies of high finance - maximizing profits and power - were as decisive for the introduction of the euro as they are for the euro bailout. The *euro* system, i.e. the concentrated power of the ECB as a representative of high finance in the weak (indirectly) democratic institution of the EU – is being maintained at all costs. High finance does not surrender power willingly.

High finance and politicians also use various deceptive tactics for the euro bailout. Debts disappear from the national budgets, outsourced to so-called bailout schemes. Then new debts are freely created, without annoying political or legal controls.

Taxes are not officially raised, while savings are in fact taxed with negative interest rates. The people have money taken from their pockets without even noticing. The ECB floods the Eurozone with money. The money that the people still have in their pockets is devalued.

Loss of Company Pensions

The government was unable to fund the desired overall coverage of 75 percent for future retirees with the revenue from the statutory pension fund. This created a coverage gap that the government sought to offset for employees. Two options were developed: The in-house retirement plan and the so-called Riester pension. Both were to be funded by provisions in the form of tax reductions. However, it turned out that none of the options worked because the tax co-payments made by the state remained below the level that would have been required to achieve adequate supplementary benefits. Moreover, it depends on the interest rate, wherein the higher the interest rate, the lower the yield for the insured.

All political camps know this. In addition, the state has incurred co-payment costs that add to the (implicit) national debt. These should have been serviced, but were not. They grew and grew. Therefore, partisan politics has failed. Instead of developing and implementing a truly sensible system, they worked with the business sector to create a system of pseudo-financing, promising full funding that could never be delivered.

It is obvious in retrospect that neither the state nor high finance nor the business sector were ever interested in forming sensible reserves. The politicians avoided tax increases because these would not go over well with voters. The high finance and business sector want to maximize yields and profits. A shortfall arose for all retirees, even though all believed that there would be sufficient funding for their pensions. Another scam to add to the long list of politically motivated scams of the last century.

In 2005, BILD newspaper filed a complaint about the slogan of former Federal Labour Minister Norbert Blüm: "The retirement pension is safe." The District Court in Berlin ruled that as long as the reduction of the monthly social security benefit results in a payment from the statutory pension insurance, the slogan may continue to be used, despite a possible pension cut. This means that as long as the state paid at least one euro in retirement, the slogan was valid.

The Springer publishing house did not appeal this ruling and this was established as policy. Any party could rightly use this slogan if they cut pensions due to the burden of (implicit) debts.

After this ruling by the Federal Supreme Court, the Federal Constitutional Court ruled (10/12/2012) that benefits from the statutory pension insurance plan, i.e. those requiring a needs test, have to be funded by taxation. This applies to survivor benefits in the statutory pension insurance, but also in the state and federal civil servant pension plans under the civil service laws.

It was clear that both contracts would have short-term effects. This shows that politicians make no effort to change the fundamentals. They always choose patchwork, which cannot restore the state budget permanently. In this way, all children born today are burdened with infinitely high obligations. The implicit debts, that is, the debts hidden in the social security budgets, are not reduced, they are not even registered.

This approach has been used since Germany joined the euro and the Euro-EU, helping to maintain the long-term crisis in order to avoid the bankruptcy of euro-countries, as all euro-countries agreed on deficit limits, which are not supposed to be exceeded (stability criteria under the Maastricht Treaty).

However, these limits were circumvented by removing the implicit debts from consideration and from the balance sheets, since the new and/or total debt of all Eurozone countries is generated by gimmicks not by real numbers.

The International Monetary Fund, which was set up to monitor deficits and monitor the stability of currencies (i.e. the euro), seems to either accept or be unaware of these accounting practices. However, this conduct by the politicians and the supervisory bodies is foul, because the deficits that the state cannot meet, or even cover, are what led to this debt trap, which the people are paying for through taxes. This also means that people will no longer receive a state-funded pension.

Future retirees pay the pensions of current retirees through taxes and counteract the state deficit, even if the amount is kept secret (estimated to be about €12 trillion alone in implicit deficits, 15 trillion with explicit deficits). In addition, they finance part of the European bank bailout through mini or negative interest on their savings and are encouraged to invest in their own pensions by means of private insurers, which is also lost due to the mini and negative interest rates.

No chancellor or finance minister has ever commented on these events. The Germans were thereby deceived regarding a real pension of at least 90 percent of the total coverage and real benefit model, which was increased during the euro era. The justification is the cameralistic bookkeeping and accounting methods in the budgets. However, it cannot be explained why accounting for implicit debts was not completed. Instead of at least registering the debt or changing the system, a very European model was created, which was oriented toward outsourcing the state's (explicit) debt.

Under the headline "Businesses Outsource Pension Obligations," an article in the *Frankfurter Allgemeine Zeitung* on 2 February 2017 (page 23) reported that a number of companies have outsourced their pension obligations because of the low interest rates. Commitments are becoming more expensive, investment income is dwindling, so alternatives are sought. Previously, reinsurance policies were taken out more or less to transfer investment assets from bank deposits into insurance assets, to reserve this and to cover the risks arising from intra-company pension obligations from the date of their maturity to the expiry date. However, interest rates also play a significant role.

The life insurance industry, and therefore the reinsurance industry, are also subject to a low rate of interest, and to closing and administrative costs, which results in a considerable additional expense, which, apart from the costs quantified on the interest rate, makes all the more sense, precisely in terms of the risks involved, so as not to assume too high an interest rate for the future. The higher the interest rate for determining pension provisions on an actuarial basis, the lower the pension capital allocated for it, i.e. provisions or reserves. This situation had to change, which is why companies started to set up special pension funds, which, like the previous model, also entail costs, but these are different and require different amounts, so that the old hat could be exchanged for a new one. The companies have the advantage that current costs remain internal and are not registered.

Forming provisions in-house is the most cost-effective option even at low interest rates. Therefore, if the state wants to keeps its obligations to the pension system low, it must encourage companies not to outsource costs but to lower costs from high interest rates to lower ones so that contributions can be paid to the pension insurance association (even in the case of operational insolvency). This would be safe even if the state were to go bankrupt. This would be uncertain for deposit-secured funds, which would have to apply to pension associations and life insurance.

Considering the overall decline in the value of the euro, both private and company retirement pensions are coming to an end. The state is not even trying to prevent this. Banks and insurance companies want to make profits. They do not care about the future for investors, savers and pensioners.

Loss of Checks and Balances

In the book, "The German Disaster," the Alliance for Democracy explains how all of the state's power does not originate with the people (see p. 17ff.), despite the law. Checks and balances on power have been eliminated (idem p. 21ff.) and replaced by procedures arising from political convention. These have become a kind of habit that determines the political routine.

Some examples of checks and balances are those between the Bundestag and the government administration, which is supposed to work as follows: Parliament considers government proposals and votes on them. The government does not set policy. If the legislature is ready to renounce this responsibility, it will do the same with other checks and balances.

One of the primary checks and balances in business comes from auditors or auditing firms. They audit the company's financial statements and certify that they comply with regulations governing business practices.

Like other supervisory bodies, such as the International Monetary Fund, auditors must comply with established legal principles and standards of professional conduct. Auditors are also governed by the accounting regulations established in the German Commercial Code and international accounting standards (IAS).

Finally, auditors must also assess the value of a company. This allows other companies to determine whether they should buy the company. For this purpose, there is a catalogue of assessment measures and values. These assessments are also performed for banks. They are called ratings and are created by expert analysts.

Although they may be intended for speculators and business professionals who are adept at buying or selling, these ratings are now of interest to investors and savers, as well as governments. Ratings tell us, for example, whether a nation's banks are (still) financial strong.

A good assessment, an embellished assessment that deliberately excludes specific transactions, can lead companies or even governments to believe that their finances are sound. If both parties believe each other's assessments, they can agree on a sales price that might offset the loss of the purchaser a bit. This game is very similar at the state level, with the difference being that public money should always be sacrosanct because it comes from the taxpayers.

Governments are also subject to ratings, which indicate that their banks have sufficient capital so that government bonds continue to benefit the state and can be regarded as investment and security. This principle continues to exist today, but the banks no longer have the capital to issue secure bonds. With ratings embellishment, however, this is no longer a problem.

Within a union of states such as the EU, this means that government bonds that have long lost their value can still be traded. It is precisely these ratings that can be issued by states, but auditors who make such judgments should also be subject to review.

In 2015, the European Banking Authority (EBA) conducted stress tests on 51 major European banks in 16 countries, including Germany, where 9 banks were audited, including Deutsche Bank, Commerzbank, the state banks of Bavaria, Baden-Württemberg, Hesse-Thuringia and Lower Saxony and Saxony-Anhalt. The banks were tested to determine how they would react to the massive economic shocks in Europe. Economic growth expected to shrink to 1.2% this year and 1.3% the next, respectively, with a growth of just 0.7% forecast for 2018, and the banks face legal risks, such as fines. "The result shows resilience in the EU banking sector as a whole thanks to a substantial increase in capital," the EBA report states.

Omitted here was the fact that the tests were based on simplified criteria. What is also magically supressed here is the fact that 137 banks do not have sufficient capital.

The ratings are supposed to reflect this, but this is not the case at all. The figures are extrapolated, calculated back and forth, estimated up and down, and established on a basis that is not supported by the facts. Nobody questions whether the results are being used for political purposes, because the Eurozone has long been dealing with the costs of postponing default, which are continuously multiplying, and the banks are no longer able to afford them. And there is nothing more.

However, the Eurozone, had to demand funding for the Greek banks, which were bankrupt, so they had to produce upbeat figures to negotiate with the IMF before the entire EU collapsed. According to the report "The IMF and the Crises in Greece, Ireland, and Portugal," the IMF shares the blame for the euro bank bailout scheme, since it failed to prevent the illicit state aid provided to the ailing euro countries by others in the union, and the low or negative interest rates that necessarily followed. So, instead of fulling its supervisory role and determining how these financial transactions could have been based on real ratings through currency devaluation or even reform, the IMF allowed itself to be influenced by the hysteria of the euro country governments and failed as a supervisory body. Moreover, the IMF followed the political schemes of the debtor union.

Just as the euro country governments approved the illicit state aid by bending and breaking the law, the IMF also bent the rules for lending in 2010 as Greece stood at the abyss. The so-called systemic escape clause paved the way for what was likely the largest IMF loan of our times. It’s clear that the IMF economists saw no need to certify that the Greek debt burden was already unsustainable at that time and could not be paid off by the loan, which would only be the first for the moment. The Greek crisis was worsened by this; the IMF lost credibility – it had become the marionette of the eurocrats and the U.S., participating in the gimmicks to overlook or ignore unpleasant or legally binding structures. Other bodies (the EU Commission and the ECB), whose role it is to keep the currency stable, are also to blame for this, and for missing the opportunity to tell the truth about the euro’s declining value and introduce currency and other reforms that would actually have helped.

Furthermore, the report shows that the IMF granted loans to countries such as Portugal or Ireland, for example, without making realistic growth forecasts. It also underestimated the problems arising from such wishful thinking and the risk that the crisis would get worse, or that there would be a crisis at all.

Even before 2008, each euro country’s public finances were being audited, but those reports were no longer available after 2008. Why these audits were stopped is a secret being kept by the eurocrats. We can assume, however, that the balance sheets were so bad that the IMF only received an average for these countries that gave the impression that the bailout loans would help. It is no secret that the euro bailout was characterized by such practices. The Alliance for Democracy has published several reports about the shortcomings, manoeuvres, politically motivated and politically covered-up actions. The IMF was deliberately fed inaccurate information so that the funds would flow.

It is clear that the IMF, and therefore those responsible for the eurocrisis, were reluctant to look at the cards. This is what the analysis itself says. Difficulties in accessing documents were also mentioned in the evaluation, and that certain documents were produced outside established channels. The control of the analysts must have driven the IMF up the wall, such that even before the report was published, ideas were being circulated about how such investigations should be conducted in the future.

It seems particularly silly and indicative of this crisis and all the lies and whitewashing that came with it, that the Executive Board and Managing Director Christine Lagarde pointed out in their responses to the report that the IMF's aid bought time for European partners, which is true, but the governments say they were seeking the right solutions to avoid drawing out or repeating the crisis, which is not true, since all the measures that were taken aggravated the crisis, and the IMF must have known that. Ultimately, more and more aid was negotiated. If the circumstances had indeed improved, the additional aid would have been superfluous. Lagarde stressed that the IMF's aid had revived economic growth in Ireland and Portugal and ensured market access. In the future, the IMF said it would insist on debt restructuring for Greece.

Now that the next aid payment is due, so that the nation's banks can offset their debts, the question is how to evaluate the judgement of economic advisors and auditors and rating agency analysts. The Alliance for Democracy has concluded that states as investors and citizens as investors have been deceived. False recommendations are made regarding creditworthiness, security and liquidity, which benefits high finance, because it profits from these recommendations. Supervisory bodies are disabled.

A large number of DAX companies are clients of the four major American accounting firms, Ernst & Young, Deloitte, KPMG and Price Waterhouse Coopers, and are subject to international accounting rules, which also apply to Germany. They use a range of spreads for the valuation of receivables, so the rules are in themselves obsolete. This is just another way of circumventing the rules, and therefore part of the consequences of the euro crisis. Aside from the lies, the loss of control is the worst of all politically motivated offences.

Exit Options

The debts that existed before the introduction of the euro, but especially with the introduction of the euro, that burdened the Germans and all EU citizens, cannot be covered up forever by politics.

This year, the German people have the opportunity to choose new representatives. Martin Schulz of the socialist SPD is running against Angela Merkel of the conservative CDU/CSU. The Grand Coalition (GroKo) may be revived, and other alliances are also possible. The Chancellor is keeping a low profile regarding her election promises. Schulz presented his 100-day work plan on 26 March 2017 (BILD am Sonntag).

He does not want to use the current budget surpluses for tax cuts, but for education and infrastructure. Of course, no such surpluses exist. They are included in the outsourcing programme for the so-called "euro bailout", in which debts from euro country budgets are transferred to so-called bailout schemes so they can generate more debt. Also, taxes need not be raised because the savings potential of the German people is burdened by negative interest rates, which benefits the state. The ECB is flooding the Eurozone with money. This devalues the money that people still have. The entire bailout of the euro, which is actually a bailout of the banks, is carried by means of a hidden property tax: the interest rates are negative, savings are expropriated. The euro system, i.e. the concentrated power of the ECB as a representative of high finance in the weak (indirect) democratic institution of the EU, remains intact.

Martin Schulz was elected to the European Parliament in the 1994 European elections. He was the chairman of the German SPD National Committee and was then the chairman of the Socialist European parliamentary delegation (2004-2012). He was also the representative for European Affairs for the SPD responsible for improving coordination of the party's activities at the EU political level. He is a member of the non-partisan Europa-Union of Germany and advocated for the TTIP in the European Parliament, and even for the introduction of euro bonds.

On 17 January 2012, he was elected President of the European Parliament in the first ballot with the required majority, and in the European Socialists Congress in 2014 he won 91.1% of the votes to become the candidate in the 2014 European Elections. As a player on the European stage, he aspired to become President of the European Commission, and the Schulz group emerged as the second strongest force behind the European People's Party. The Social Democratic Progressive Alliance in the European Parliament elected Schulz during its assembly on 18 June 2014 in Brussels as the leader of the delegation. However, he resigned this position because he was re-elected president of the European Parliament. This was also the result of an agreement with Manfred Weber, who assured Schulz the support of the EPP delegation in the election.

Since the 2004 European elections, Schulz has been chairman of the Party of European Socialists (PES) delegation. This group has been called the Progressive Alliance of Social Democrats in the European Parliament (S&D) since the 2009 European elections. Surprisingly, or perhaps not, he announced on 24 November 2016 a change in plans. He did not want to stand for another term of office as President of the European Parliament, but to run with the SPD/NRW coalition in the 2017 German federal elections. The conservative European People's Party claimed the Presidency of the European Parliament for itself, so that a another candidacy by Schulz was not considered to have much of a chance. Antonio Tajani was elected as his successor. It is to be assumed that Schulz avoided a political defeat to run for chancellor of Germany.

He may well support an increased budget for the Bundeswehr, or support the strengthening of the European Union, and would work to abolish wage inequality between men and women, as he announced in his work plan, though it is not clear who that would benefit. It would be good for the history of the SPD, but is completely unnecessary and not a major issue for the people here. He can crown his professional career with a chancellor's candidacy, maybe even become chancellor – but he is not a good politician.

When Schulz says he supports policies help to ordinary citizens with their lives and their jobs, these are just words. When Schulz says, "I promise that as a chancellor, I am going to implement the law limiting executive salaries as part of my 100-day program," he is imitating Donald Trump, but does not have his ability to fulfil this pledge.

Schulz has many projects. Now, he just wants to be chancellor, because coalitions are always exhausting and require compromise, and besides, the SPD thinks it is time for an SPD government that can act alone. But it is clear that there are no real political goals, because Schulz is not interested in changing policy, but because such change cannot be implemented. Only the man or woman at the top can be changed.

Schulz can no longer improve anything, not change anything. He can postpone problems. This promotes a disorderly exit. Schulz, Merkel, alliances - nothing will change the fact that Germany's integrity is at stake. This is because politicians have given away their authority to act to the banks, which act without democratic legitimacy, pursuing returns and profits with no concern for the well-being of the people.

Hopefully, this modern type of corruption in human beings will end in a revolution to end the tormented model of predatory capitalism so that opportunities and participation will be possible for all people.

Worldwide, there are 62 people behind the world's major banks who have as much money as half the world's population, or around 3.7 billion people. This means that 1 percent of the world's total population of 7.4 billion (in 2015, 7,336 million according to the Population Reference Bureau), which is 70 million people, hold 99 percent of the total financial assets. It is as though the rich and poor lived on two different planets. From there, they launch incendiary devices to all the places in the world they deem appropriate, or which threaten their influence.

The mismatch will lead to the formation of a kind of involuntary socialism which makes it possible to keep people on the poverty line with almost no money or possessions. The rich will be part of a culture of bigwigs which, regardless of ideology, will be able to live the high life. This return to the age of feudalism will lead to upheaval. The Alliance for Democracy will then build on the self-determination of the people, which you can read about here: www.menschenfuerdemo-kratie.de.

Some Closing Words …

For many years, the Alliance for Democracy has been reporting at www.menschenfuerdemo-kratie.de on political developments in Germany, Europe and the world, the latter being mainly the U.S. and China, whose business policies drive the global economy, although neither of their governments know much about living conditions or budgets. Objective political debate and reporting is particularly necessary during these times, when political interests conflict with the interests of the people, similar to the years leading up to the First World War. But there is no objective debate or reporting. Politicians, the press, business, banks, as well as other organizations such as trade unions and other people's representatives, are failing to fulfil their duty. They are constrained in an unprecedented way by political lies, fraud, violations of the law and perversions of justice. But this political activity must be abolished.

A new type of government order is necessary, one that corresponds to alternative democratic structures, such as those of genuine, direct democracy. This is what the Alliance for Democracy hopes for. And we hope that more people are paying attention to politics and are incensed by the political machinations.

We thank all of our readers. We thank everyone who has enriched our work. We also thank our friends, acquaintances and relatives for their passionate ideas.

The Alliance for Democracy

MENSCHEN F§R DEMO-KRATIE