Europe placed under the dictatorship of the banks

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The defining event of this week's European Union summit was not what was finally discussed, but the proposal that was sidelined.

Prior to the summit, Germany leaked news that it was demanding an EU-appointed "budget commissioner" for Greece with the power to override Greek budget policy as a precondition for any further loans. Greece would have to make payments to the banks on its debt—which stands at 350 billion euros even before the 145 billion euros in new loans it is likely to seek—its "first and foremost" priority. It could not threaten its creditors with default and would have to accept whatever cuts financial authorities demanded of it, even if the banks withheld agreed-upon bailout payments.

A German government source said that the proposal was also aimed at other struggling euro zone members that receive aid, including Spain, Portugal, Italy and Ireland.

The proposal caused outrage in Greece. It was accompanied by proposals from the EU and the IMF demanding the elimination of an additional 150,000 government jobs, cuts and closures across the public sector, and a reduction in the paltry 750-euro monthly minimum wage.

The proposal was shelved at the last moment because it was too politically revealing. It would have confirmed for all to see that European governments now operate directly at the behest of the financial elite, and that democracy no longer operates in any meaningful sense.

Germany's EU partners urged Berlin to think again. Italian Prime Minister Mario Monti called the German proposal "far-fetched and unpleasant." French President Nicolas Sarkozy said direct EU control "would not be reasonable, not be democratic, nor would it be effective."

Even then, Germany only reluctantly dropped its demand, with Chancellor Angela Merkel arguing: "Greece is a special case… They have to implement the programme completely."

The fact remains that the untrammeled dictatorship of the banks and corporations already exists, whether or not Berlin's measure making this crystal clear is allowed to pass.

The EU has already succeeded in imposing two unelected governments in Greece and Italy, whose sole purpose is to loyally implement the demands of the financial oligarchy against the express wishes of the electorate. The downfall of the previous Portuguese government was also engineered at the direct behest of global speculators.

The summit has now agreed to a fiscal compact further curtailing the ability of national governments to frame economic policy. The pact forces the 25 signatory states to enact a "golden rule" legally requiring a balanced budget. The ruling class will then exploit these rules to demand vicious cuts in spending on welfare, education, housing, infrastructure, public sector jobs, pensions, and health care, all to free up vast sums to be paid over to the banks.

Countries failing to pay their debts on time will be subject to punitive sanctions imposed by the European Court of Justice.

Germany, Austria, Italy, Spain, Poland and Estonia have already implemented such balanced budget requirements. The two governments that did not sign, Britain and the Czech Republic, did so out of tactical political considerations, while agreeing fully with the drive for austerity.

There is no intention to put such measures, which will impact massively on the lives of millions, to a popular vote. Indeed, these measures are intended precisely to remove critical financial decisions from any oversight or influence by the population. Merkel boasted, “The debt brakes will be binding and valid forever. Never will you be able to change them through a parliamentary majority.”

Criticism of the EU measures has been dominated by right wing commentators bemoaning the loss of national sovereignty. But in truth, both the EU and its constituent governments are wholly the creatures of the financial oligarchy.

The key issue here is the absolute disenfranchisement of the working class under the existing system, and the need for it to build a new political movement.

There is no longer any major political party, whether nominally of the left or right, that makes a pretense of speaking for working people and does not profess unswerving support for the savage austerity measures being imposed across Europe. Over the past period, every effort has been made to insulate the ruling elite from any form of democratic accountability, and to stifle all genuine expressions of social opposition.

This has depended above all on the services of the trade unions and their pseudo-left apologists, who have either suppressed strikes or confined them to futile one-day protests, ruling out any political struggle to bring down hated governments across the continent.

There are, however, limits to how far this can proceed. Officially, more than 23 million people are unemployed in Europe and the real figure is much higher. Wages are being slashed, pensions eliminated and vital social services gutted, and even this is only a down payment.

Europe’s banks have liabilities 30 times their actual capital, totaling over five trillion euros. The cuts required to recoup these gambling debts would ruin the continent’s workers, leaving them in a state of abject misery.

The ruling class knows that this cannot be accomplished by democratic means, but requires the imposition of dictatorship. This is the significance of the political shifts now being made.

The working class must elaborate its own response to this threat. A new, mass socialist movement must arise, dedicated to the overthrow of the EU and all the governments of the corporate elite and their replacement by workers’ governments, organized within a United Socialist States of Europe.

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