

JPMorgan calls for authoritarian regimes in Europe

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In a document released at the end of May, the American banking and investment giant JP Morgan Chase calls for the overturning of the bourgeois democratic constitutions established in a series of European countries after the Second World War and the installation of authoritarian regimes.

The 16-page document was produced by the Europe Economic Research group of JP Morgan and titled “The Euro Area Adjustment—About Half-Way There.” The document begins by noting that the crisis in the euro zone has two dimensions.

First, the paper argues, financial measures are necessary to ensure that major investment houses such as JP Morgan can continue to reap huge profits from their speculative activities in Europe. Second, the authors maintain, it is necessary to impose “political reforms” aimed at suppressing opposition to the massively unpopular austerity measures being carried out at the behest of the banks.

The report expresses satisfaction with the implementation of a number of financial mechanisms by the European Union to secure banking interests. In this respect, the study maintains, reform of the euro area is about halfway there. The report does, however, call for more action by the European Central Bank (ECB).

Since the eruption of the global financial crisis in 2008, the ECB has made trillions of euros available to the banks to enable them to wipe out their bad debts and commence a new round of speculation. In the face of mounting pressure from the financial markets, ECB chief Mario Draghi declared last summer that he would do whatever was necessary to shore up the banks.

This, however, is not sufficient as far as the analysts at JPMorgan are concerned. They demand a “more dramatic response” to the crisis from the ECB.

The harshest criticisms in the document, however, are reserved for national governments that have been much too tardy in implementing the type of authoritarian measures necessary to impose austerity. The process of such “political reform,” the study notes, has “hardly even begun.”

Towards the end of the document, the authors explain what they mean by “political reform.” They write: “In the early days of the crisis it was thought that these national legacy problems were largely economic,” but “it has become apparent that there are deep-seated political problems in the periphery, which, in our view, need to change if EMU (the European Monetary Union) is to function in the long run.”

The paper then details problems in the political systems of the peripheral countries of the European Union—Greece, Spain, Portugal and Italy—that have been at the center of the European debt crisis.

The authors write: “The political systems in the periphery were established in the aftermath of dictatorship, and were defined by that experience. Constitutions tend to show a strong socialist influence, reflecting the political strength that left-wing parties gained after the defeat of fascism.

“Political systems around the periphery typically display several of the following features: weak executives; weak central states relative to regions; constitutional protection of labour rights; consensus-building systems which foster political clientalism; and the right to protest if unwelcome changes are made to the political status quo. The shortcomings of this political legacy have been revealed by the crisis. “Whatever the historical inaccuracies in their analysis, there can not be the slightest doubt that the authors of the JPMorgan report are arguing for governments to adopt dictatorial-type powers to complete the process

of social counterrevolution that is already well underway across Europe.

In reality, there was nothing genuinely socialist about the constitutions established across Europe in the postwar period. Such constitutions were aimed at securing bourgeois rule under conditions where the capitalist system and its political agents had been thoroughly compromised by the crimes of Fascist and dictatorial regimes.

The constitutions of European states, including those of Italy, Spain, Greece and Portugal, were elaborated and implemented in collaboration with the country's respective Socialist and Communist parties, which played the key role in demobilising the working class and permitting the bourgeoisie to maintain its rule.

At the same time, however, Europe's discredited ruling classes were well aware that the Russian Revolution remained a political beacon for many workers. They felt compelled to make a series of concessions to the working class to prevent revolution—in the form of precisely the social and constitutional protections, including the right to protest, that JPMorgan would now like to see abolished.

To some extent, the bank's criticism of European governments for their lack of authoritarianism rings hollow. Across Europe, governments have repeatedly resorted in recent years to police state measures to suppress opposition to their policies.

In France, Spain and Greece, emergency decrees and the military have been used to break strikes. The constitution adopted in Greece in 1975, following the fall of the colonels' dictatorship, has not prevented the Greek government from sacking public workers en masse. And in a number of European countries, ruling parties are encouraging the growth of neofascist parties such as the Golden Dawn movement in Greece.

For JPMorgan, however, this is not enough. In order to avoid social revolution in the coming period, its analysts warn, it is necessary for capitalist governments across Europe to move as quickly as possible to set up dictatorial forms of rule.

At the end of the document, the authors put forward a series of scenarios that they claim could result from the failure of European governments to erect authoritarian systems. These variants include: "1) the collapse of several reform-minded governments in the European south, 2) a collapse in support for the euro or the EU, 3)

an outright electoral victory for radical anti-European parties somewhere in the region, or 4) the effective ungovernability of some Member States once social costs (particularly unemployment) pass a particular level."

This is the unadulterated voice of finance capital speaking. It should be recalled that JPMorgan is deeply implicated in the speculative operations that have devastated the lives of hundreds of millions of workers around the world. In March of this year, a US Senate committee released a 300-page report documenting the criminal practices and fraud carried out by JPMorgan, the largest bank in the US and the world's biggest dealer in derivatives. Despite the detailed revelations in the report, no action will be taken against the bank's CEO, Jamie Dimon, who enjoys the personal confidence of the US president.

The same bank now presumes to lecture governments. Seventy years after the assumption of power by Hitler and the Nazis in Germany, with catastrophic consequences for Europe and the world, JPMorgan is leading the call for authoritarian measures to suppress the working class and wipe out its social gains.



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