Written by Alex Newman on August 9, 2012

Europe Must Further Centralize Fiscal Power, Claims Fed Boss Bernanke

As American lawmakers debate reining in, auditing, reforming, or even abolishing the controversial Federal Reserve System following a growing wave of bipartisan outrage over its bailouts and wild currency printing, discredited U.S. central bank boss Ben Bernanke is actually urging Europe to create a centralized fiscal authority to be more like the United States. But the process is actually already well underway.

Apparently the Fed boss believes further concentration of power in the hands of the unelected European bureaucrats — largely responsible for the current crisis — would somehow help quell the region's ongoing economic turmoil. Free market advocates, however, have argued that the exact opposite is true: For Europe to properly deal with the crisis, it should get governments — and especially the emerging European Union super-state — completely out of the way.

But Bernanke, who has been famously wrong on most key predictions, claimed more centralized power would be required. "If Europe had a single fiscal authority, that would put them in a much closer situation relative to the United States," Bernanke said during a "town hall" meeting in Washington this week. "That would probably address many of the concerns, many of the problems that they had."

ABC News inaccurately reported that the U.S. central bank chief had called for the creation of a European "Fed." However, the American Fed and virtually every other central bank in the world actually deal with monetary policy, not fiscal issues, so Bernanke was almost certainly not advocating the creation of central bank that also has authority over fiscal policy.

The European Central Bank (ECB) already deals with the Eurozone's monetary policy, and while the controversial institution faces some restrictions that are not imposed on the Fed, it still has broad latitude to centrally plan the economy using currency and interest-rate manipulation. Indeed, like the U.S. central bank, the ECB has been printing money and buying government bonds for years, as it allegedly sought to deal with a crisis at least partly of its own making.

Unsurprisingly, the economic turmoil persists — and worse may yet be coming, according to analysts. The single euro currency has taken a severe beating, many of the region's banks are teetering on the edge, and multiple European governments are drowning in debt while seeking bailouts to stay afloat. The ECB has responded by trying to rescue the big banks and big governments by showering them with resources siphoned from taxpayers' pockets. But it does not appear to be working.

So, speaking to public educators, Bernanke said the region should move toward consolidating fiscal powers — taxing and spending — at the regional level, too. He also claimed, however, that "getting to that point is very difficult" because there are 17 separate countries involved and "each set of taxpayers want to make sure that their own country is being fairly treated."

But despite the Fed chief's statements, in reality, what taxpayers and citizens think has posed almost no impediment to continued centralization of power in the EU. When the peoples who actually were allowed to vote on the issue overwhelmingly rejected the EU Constitution, for example, it was rammed through as the "Lisbon Treaty" anyway.

On fiscal consolidation, the region's unelected power brokers are already pursuing a similar approach as well. As *The New American* reported last year, under the guise of "financial stability," the EU is erecting what critics referred to as "dictatorship" and a "treaty of debt." The scheme, known as the European Stability Mechanism (ESM), foisted a perpetual bailout machine on the region with initial funding of almost $700 billion.

Essentially, the latest emerging financial regime would allow unelected officials to pump unlimited amounts of wealth from European taxpayers into big banks and bloated governments whenever its leaders demand it. National governments are not allowed to object and are required to hand over however much cash the ESM asks for, whenever it asks for it.

"ESM Members hereby irrevocably and unconditionally undertake to provide their contribution to the authorized capital stock," notes the treaty posted on EU Council's website, adding that the regime is completely immune to national laws. "They shall meet all capital calls on a timely basis in accordance with the terms set out in this Treaty."

At the same time, EU leaders are also building exactly what Bernanke called for: a centralized fiscal authority. It's not exactly a secret either — it has been out in the open for over a year. But incredibly, its proposed powers would be even more extensive than those unconstitutionally usurped by the U.S. federal government.

If Bernanke and the so-called "eurocrats" get their way, Brussels will assume control over national governments' budgets, too. For perspective, it would be like Washington, D.C. telling state governments how much money they can spend, what they can spend it on, and more. It would essentially be the equivalent of giving the federal government veto power of state decisions — an idea that would make the vast majority of Americans cringe.

In Europe, however, the process of exploiting the largely engineered crisis to centralize power even further is already well underway, just as the establishment hoped. "In the wake of the global financial and debt crises, the EU began to adopt measures for centralizing governance mechanisms and coordinating fiscal and economic policy," observed the infamous world government-promoting Council on Foreign Relations. "Most notably, in December 2011, EU leaders agreed to the formation of a so-called fiscal union."

European leaders — especially Germany's Angela Merkel — celebrated the historic agreement that gave away some of the final vestiges of national sovereignty. The Obama administration applauded the scheme too, though it claimed that even more "integration" and "stronger measures" were needed. Only the United Kingdom has officially resisted the latest power grab.

Of course, there is resistance among the citizenry of European nations — at least among people who are paying attention. But with the self-styled communist government of Cyprus currently at the helm of the EU presidency, former Maoist activist Jose Manuel Barroso in charge of the European Commission, and an assortment of leaders who oppose limited government and national sovereignty running the show regardless of what citizens think, opposition to the accelerating centralization of power has largely been ignored.

Incredibly, despite the stunning failures of fiscal "integration" so far, prominent European leaders are demanding even more. "The European Union needs to reinforce its architecture. This entails moving towards more integration, transferring more sovereignty, especially in the fiscal field," Spanish Prime Minister Mariano Rajoy said in June, adding that the world must know the euro is irreversible. "And this means a compromise to create a new European fiscal authority which would guide the fiscal policy in the euro zone, harmonize the fiscal policy of member states and enable a centralized control of (public) finances."

Meanwhile, the head of the ECB, Mario Draghi, is being investigated by the EU over alleged conflicts of interest for his membership in the "Group of 30" (G30). "(G30) bears all the characteristics of a lobbying vehicle for big international private banks and the President of the European Central Bank should not be able to be a member, due to concerns over the bank's independence," EU watchdog Corporate Europe Observatory (CEO) said in its complaint, which is now being formally investigated.

Where the EU and the eurozone go from here remains uncertain, with many analysts predicting that the euro will inevitably crumble along with the entire half-baked political experiment. However, the establishment has shown that it is absolutely determined to keep its super-state alive and growing no matter the cost to ordinary citizens.

Even national leaders offering the slightest impediment to the schemes have been overthrown by the power brokers and replaced with more compliant figure heads. Last year, for example, Italy and Greece both had their elected prime ministers replaced with powerful pro-EU members of the establishment in what analysts called "coups."

Without more serious opposition, the trend toward centralizing more and more unaccountable power at the regional level is expected to continue accelerating until the once-sovereign nations of Europe essentially cease to exist. Experts say that the devastation left in its wake, meanwhile, will only get worse. Greece was just the beginning.

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