



Written by [Steven J. DuBord](#) on May 28, 2009

EU Banks on More Control

The plan, published by the European Commission on May 27, includes the creation of a European Systemic Risk Council with members drawn from national central banks. Supposedly, this body would “not have any legally binding powers,” but would “assess information about financial stability and keep an eye on broader economic risks.”



It is another proposed body, the European System of Financial Supervisors, that will undoubtedly draw more opposition. Its members would also be drawn from regulators in the EU member states, but its purpose would be to “create a single set of rules to operate across the European Union.” This would include formulating “binding technical standards in specific areas” and, in the event of disagreement between national authorities or flagrant violation of EU laws, it would be empowered to step in, decide the matter, and “force countries to come into line.”

Britain is the most likely EU member to balk at such a setup. Britain has contended that since national governments must finance any bailouts to their own banks, it is the national regulators who should have the final authority, not the EU. It is uncertain how long this resistance will last though, since the *Times* also quoted a spokesman for the British government as saying on May 27 that “events of the last 18 months have reinforced the need for much greater co-operation on regulation both internationally and within the E.U., to ensure that problems can be dealt with effectively when they occur.”

But is it really desirable to have an iron-fisted international body handing down decisions that supposedly sovereign nations are bound to obey? Is this not a warning to the United States to avoid all such efforts at harmonization of our laws and regulations with other nations, be it Canada, Mexico, or even the EU itself?

U.S. participation in multinational arrangements such as NAFTA, the FTAA, the Security and Prosperity Partnership, and the World Trade Organization are first steps toward the same surrender of sovereignty that has already happened to the nations of Europe. Each time the EU tightens its grip on Europe, it only serves as a stronger negative example of everything the United States must avoid.

For more on why such unions are ill-advised, see our April 29 article [“EU-U.S. Integration: Unattractive Union”](#) or download a PDF of our special October 15, 2007 “Merger in the Making” issue by [clicking here](#).



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