



Written by [Bob Adelman](#) on January 31, 2012

European Fiscal Pact: Int'l. Financial Dictatorship

Monday's meeting of the European Union in Brussels resulted in agreement of 25 of the 27 member states to inflict upon themselves and their hapless and increasingly powerless citizenry the tools of international fiscal dictatorship.

The purpose of the "fiscal pact" is to enforce "budgetary discipline" so that the present euro crisis can be contained and future such crises averted. In the short run that means granting the European Central Bank (ECB) additional power to expand its reserves so that bailouts to failing countries can continue, subject to enforcement rules. In the longer run, the pact puts in place the primary tool of coercion, the European Stability Mechanism, to be effective in July.



European Council President Herman Van Rompuy said that initially the ESM will be limited to just €500 billion (\$650 billion) but that the ultimate number "will be reassessed down the line."

Critics say that's the entire purpose of the ESM: to set up the mechanism of control under the guise of providing bailout funds to members in need while installing ruling class elites (bankers with ties to Goldman Sachs) out of reach of the taxpayer class. Angela Merkel, German Chancellor and mouthpiece for the ESM, was clear: "It is an important step forward to a stability union. For those looking at the union and the euro from the outside, it is very important to show this commitment."

She failed to mention that Great Britain and the Czech Republic have both distanced themselves, for the time being at least, from the pact. Britain's Prime Minister David Cameron said, "We're not signing this treaty. We are not ratifying it. And it places no obligations" on the United Kingdom. He added, "Our national interest is that these countries get on and sort out the mess that is the euro." And Czech Prime Minister Petr Necas [told](#) French President Nicolas Sarkozy that he could not "accede to the future treaty" for constitutional reasons.

And no wonder. [A careful look at the ESM](#) reveals it to be a naked grab of power over what used to be sovereign nations. *The New American's* Alex Newman characterized the ESM as a plan to "foist a massive perpetual bailout machine on eurozone members." Here's how it will be funded, according to the treaty:

ESM Members hereby irrevocably and unconditionally undertake to provide their contribution to the authorized capital stock. They shall meet all capital calls on a timely basis in accordance with the terms set out in this Treaty.

In addition, the ruling elites in charge of the forced extraction of funds from members will be above the law. More from the language of the ESM treaty:

Governors shall enjoy immunity from every form of judicial process [and] be immune from search,



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requisition, confiscation, expropriation or any other form of seizure, taking or foreclosure by executive, judicial, administrative or legislative action.

In other words, the self-elected masters in charge of the ESM will be free to loot the citizens forever without any limits whatsoever.

Anthony Wile, political and financial commentator and free-market entrepreneur, sees the ESM as a totalitarian scam. He wrote: "The EU was sold as a trade association. Later on it became a currency zone. Now it seeks to become an Empire, complete with vassals and conquered territories sending unlimited amounts of tribute."

Critics of the EU note that there is none so blind as he who refuses to see. Martin Schulz, the president of the European Parliament, still publicly thinks the ESM is somehow supposed to do something about growing the European economies: "You don't have to be an economics professor to know that if you have zero growth you are not going to sort things out." Similar ignorance about what's really afoot here was expressed by the former Prime Minister of Belgium, who complained that "the new agreement consolidates fiscal discipline but omits completely to address the other side of the coin — that of...creat[ing] jobs and growth."

But there was never any intention of promoting anything but an authoritarian supranational ruling body; improving economies was never part of the deal. Absorbing sovereignty was always the purpose from the beginning. And on July 1 the final gate in the increasing encirclement of the European "members" through economic and political dictatorship will slam shut.

Photo: European Central Bank headquarters



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