Euro's Failure Imminent, Says "The Economist"

The first article noted that the risk to the euro within the next few weeks is "alarmingly high" unless measures are taken. The article blamed lack of leadership — "denial, misdiagnosis and procrastination" — for the unfolding and accelerating crisis. First, a recession appears to be imminent as the austerity measures are taking hold across the euro zone and slowing already shaky economies.

Second, there is evidence of a run on banks holding large positions in the sovereign debt of the weaker countries. As the banks are facing a June 2012 deadline to improve their capital positions they are now seizing this opportunity to unload as much of that debt as they can, thus explaining the significant rise in interest rates all across the zone. This reflects the simple fact that the banks have loaned money to each other — loans that exceed their deposits, according to *The Economist* — and now are unwilling to continue to make those loans. This is putting the various spendthrift — "feckless" is their word for it — governments at risk of default when they can't borrow the money to pay their bills. Especially at risk is Italy, which has to roll over $42 billion of debt the last week in January and another $62 billion at the end of February.

Greece is not out the woods either. The final details of the bailout by the troika — the European Union (EU), the International Monetary Fund (IMF), and the European Central Bank (ECB) — haven't been worked out and just might run into fatal resistance to the whole program in the general elections scheduled for February.

The Economist's solutions — the establishment's solutions — remain the same in each of its four articles: Turn the ECB into the lender of last resort and let it loan whatever amount is needed to whatever whatever weak governments show up at the window first; sell Eurobonds to those governments in exchange for their worst assets, provided they accept even more draconian austerity measures. Recognizing that that this won't cure the problem of excessive debt and an increasing inability to service it, the final solution, as always is: more government controls over the euro zone countries. Notes *The Economist*, "Any lasting stability for the euro must lie with governments, particularly in the degree to which they are willing to give up fiscal sovereignty."

The Economist's second article takes Germany's Chancellor Angela Merkel to task for allegedly resisting such measures. She is "courting Armageddon by adhering slavishly to Germany's sound money dogmas and kowtowing to taxpayers who cannot see why the preservation of the euro should be worth paying something for." It's those out-of-date dogmas and silly concerns about national sovereignty expressed by citizens that keep getting in the way of the plans to rescue the euro, in the name of peace and security, according to *The Economist*.

The third article from *The Economist* to calm the seas promotes the plan offered by the European Commission's president Jose Manuel Barroso to issue Eurobonds, calling them instead "stability bonds." The ECB would buy back all debt of each country that exceeds 60 percent of its GDP; this debt would be paid off over the next 25 years with tax revenues earmarked in each country for that specific purpose. With that there would be the inevitable additional invasion of national sovereignty, such as the power of the EU to provide for "stronger monitoring of national budgets by Brussels, including the right to recommend changes before they are submitted to parliaments and fiercer oversight of [those] countries 'in severe difficulties.'" And for those countries still trying to exercise their national sovereignties by resisting, *The Economist* reminds its readers:

> Even national governments are not masters of their fate. Both Lucas Papademos and Mario Monti, the [appointed] technocrats [are now] running Greece and Italy after their [elected] predecessors were cast overboard.

The final solution, according to *The Economist*, is "a full redesign through new treaties, with Eurobonds and *possibly much else besides*." (Emphasis added.)

The fourth and final article in *The Economist* visited the horrors that would result from the collapse of the euro and the failure of the euro zone: "European leaders will do whatever it takes to save the single currency. That is because the consequences of the euro's destruction are so catastrophic that no sensible policymaker could stand by and let it happen."

First, it would be worse than the meltdown of 2008: "the world's most financially integrated region would be ripped apart by defaults, bank failures and the imposition of capital controls. The euro zone could shatter into difference pieces." There would be "recriminations" and "broken treaties" resulting in "wild currency swings" that would "almost certainly bring the single market to a shuddering halt. The survival of the EU itself would be in doubt." Moreover, says *The Economist*, time is running out, especially for Italy and Spain, with the clock ticking on their need to roll over their debts early next year. But there is hope:

> Can anything be done to avert disaster? The answer is still yes, but the scale of action needed is growing even as the time to act is running out.
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> The only institution that can provide immediate relief is the ECB. As the lender of last resort, it must do more to save the banks by offering unlimited liquidity for long duration against a broader range of collateral.

As Anthony Wile has explained here, here, here and here, *The Economist* is simply a mouthpiece for the insiders who have been trying to channel the conversation in Europe to just those solutions that they support. As noted by the *Guardian*, another mainstream media outlet, *The Economist* has an "unusual ownership" consisting of the *Financial Times* group and private investors including the Rothschilds. This should be no surprise. As James Perloff has written, globalist-minded elites — on both sides of the Atlantic — have been pushing for regional alliances as part of a process to erode national sovereignty and install more international control:

> Regional alliances such as the European Union and proposed North American Union are not ends, but only steppingstones to world government. As CFR [Council on Foreign Relations]/Trilateralist Zbigniew Brzezinski stated: “We cannot leap into world government in one quick step. The precondition for genuine globalization is progressive regionalization."

That’s the message *The Economist* wants its readers to hear. “Progressive regionalization” is the only answer to Europe’s problems.