

Spiralling Debt and the Fracture of the European Monetary System

By [Bob Chapman](#)

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European politicians, bureaucrats, bankers and assorted other lose more and more credibility each day as we are inundated each day with more lies and deliberate misdirection regarding the course of financial events within the European Union.

The key to solving the debt crisis is Germany. The Greek debt crisis is worse today than it was two years ago. 65% of Germans want out of the euro zone and the euro and want to return to the Deutschemark, but for more than two years their political representatives have denied them that. Finally breaks in the political armor are beginning to appear. All efforts to fix the Greek problem have been futile. If the Federal Reserve hadn't stepped into the breach a couple of weeks ago who could guess where things would be now.

The CDU, Christian Democratic Union, Mrs. Merkel's party is in serious trouble because she has operated in opposition to her own constituency in trying to keep the euro afloat, at the expense of her fellow Germans. That was duly reflected in the election this past year. In spite of banks having \$1 trillion at their disposal those funds will last a year or so unless fractional banking is employed. Policymakers continue to convene, but continue to come up with little concrete policy. As we said in this publication more than two years ago and on Greek radio, television and in editorials that the only solution for Greece was default, a return to the drachma and for the Greeks to solve their problems on their own. Greek debt is unpayable and Greeks do not believe they should be responsible for it. Bankers and politicians caused these problems, not the man and woman on the street. This latest infusion of funds by the Fed should carry European banks this year through the trauma of Greece and perhaps others leaving the euro. The Ponzi scheme widens and deepens.

This past week we heard from the CDU deputy floor leader Michael Fuchs and Bavarian sister party member the CSU, which is where the real conservatives hail from, that member states are unable to commit to necessary reforms. They should begin on the opportunity to leave. Mrs. Merkel and Mr. Sarkozy said they would insure that no country leaves the euro. Pressures are building to allow Greece to leave the euro by voters and eventually that won't be denied. As you can see, just as in many other countries, the leadership controlled by others from behind the scenes and those leaders do just the opposite of what the voters want.

For more than two years Greece has been in the debt limelight along with Portugal and Ireland. Spain and Italy are next in line. Their bond offerings are increasing as they prepare to roll debt. Spain doesn't have any trouble selling bonds having sold double what it needed last week and about 1/3rd of its annual needs. They sold \$12.7 billion of \$45.6 needed on the year; all told Spain needs \$75 billion.

Italy needs \$226 billion. Next month is a big one for Italy as April is for Spain. The credit lines now available to the 523 banks should cover any problems all the sovereigns have, but all they have done is put off the inevitable and solved next to nothing.

The ECB, loaded with a trillion-swap line from the Fed has lent out \$842 billion of which 70% has been redeposited at the ECB. Laughably ECB president Draghi says he sees stabilization and is ready to act on quantitative easing.

German and French politicians are talking about their transaction tax, but the voters do not like it at all. Almost all the politicians are saying, yes a tax, but for all of the EU. This is what the Illuminists have been pushing for over the past 15 years. Only they want it to be a worldwide tax.

The current appointed Greek President will submit a new law to Parliament that could force dissenting minorities into accepting a bond swap deal. This was a trial balloon and the government denies such double-dealing.

Turning away from the Continent and England we'll take a partial look at what is going on in America. About 65% to 70% of Americans know something is wrong, but they do not understand what unless they start getting informed on the Internet or talk radio. No matter how diligently they listen to mainline media they get very little of the truth, because the media is totally controlled and has been for many years. Those who run that media would like watchers and listeners to learn nothing at all via disinformation and misdirection. That is 95% truth on inconsequential issues and 5% propaganda.

The American people are in debt up to their eyeballs, a majority gets their funds from government, millions are on extended unemployment and nearly 50 million are on food stamps. If that entire largess were not available you would be witnessing 1932-33 all over again.

Debt increases everywhere. The Federal Reserve has become a veritable fountain of money. There is no question the credit-based monetary system will be played out to the end, and even with reports such as the Greek failure and NYC money center legacy banks and getting hit for billions in losses the system will still hang on as the Fed takes on more and more debt to keep the system afloat. In this process of so-called monetary stability we see endless zero interest rates. Sovereign debt is being downgraded on a wholesale basis. Debt rollover is being accomplished with the aid of the Fed, which loans (swaps) \$1 trillion with the ECB, which lends it out to banks and then they use those borrowed funds to purchase sovereign debt. The central banks know that perpetual credit creation is unsustainable, but they do it anyway because they have no alternative.

About 2% of analysts and economists, commentators and newsletter writers predicted what we see today. None of these prognosticators were mainstream, because in that mainstream if you deviate you are out of a job and or banned from CNBC and Bloomberg. We foresaw the housing crash in late 2004, only one economist saw it 8 months later, Gary Shilling. In the political sphere only Ron Paul saw this coming.

While writing about the many facets, intricacies and all the political intrigue that accompanies European and sovereign banking the bottom line is they are simply broke having lent at 30 times assets. The Fed's latest game to keep the banks afloat will last about a year, perhaps 1-1/2 years. Then they will have more unmanageable debt and no

way to pay it back and the European economics will have had a near death experience being putted back again from the recessionary edge.

The bankers in the US, UK and Europe all know this is not a short-term problem, but a systemic long-term problem and they know the system has to be purged to fix the problem. They do not want to do that because they will lose the seat of power, the control of the world banking system. These characters remind us of chickens running around after having their heads cut off. On January 16, 2012 we received an announcement that the January 20th meeting to solve these problems of financial Europe has been called off. Not for a week, but by the end of February. The reason is they have no solutions. They just saw credit ratings plunge, including France, which has another downgrade in the works. Those in power on the Continent are hanging on for dear life, as is England. All these problems are covering up the problems in the US of a similar nature. They are all insolvent and have been for the past four years. In addition to unpayable debt the six weak countries are still in a growing trade deficit position. The acceptance of failure is impossible for those in control in front of and behind the scenes, because banking is their key power over everything. There is no sense fiddling with all the figures because Greece, Portugal and Ireland are buried and Belgium, Spain and Italy are approaching their level, along with France. All the solutions are stopgaps and they won't work.

The experts are trying to tell us the system will be saved. If Greece defaults and leaves the euro it is the beginning of the end for the euro and perhaps the EU. Everyone is sitting on each others losses. As we explained years ago the world's power elite have been on a fools errand for many years. Looting the world and controlling it wasn't enough enslaving it was something they just had to do. As a result they are bringing their own system down with the hope of ultimate total control. The problem for them is that today too many people know what they are up too, worldwide, and in the end no matter what the outcome they will lose.

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Articles by: [Bob Chapman](#)

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