# GLOOMY ECONOMIC PROSPECTS: Why U.S. Politicians Are Quiet About Europe's Meltdown

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*After the Greek elections struck fear into the hearts of the global banksters, the fallout remains uncertain. If the next Greek election produces an anti-austerity government, Greece will almost certainly make a speedy exit from the euro. If this happens — and it is looking increasingly inevitable — the consequences for the global economy are spectacularly gloomy. Yet U.S. media and U.S. politicians are largely silent on the issue, almost as if nothing were happening.*

What will happen when Greece leaves the Euro? Foreign banks hold over $90 billion in Greek debt in the public and in the private sectors. These enormous losses could very well bring down banks in Europe and abroad.

Also, the struggling Euro countries such as Italy, Spain, Portugal and Ireland will see their borrowing costs skyrocket, since the wealthy will be more reluctant to waste anymore investment money on risky Euro countries, guaranteeing a further downward spiral of bailouts and bankruptcy.

How likely is a Greek euro exit? The conservative Economist magazine reports:

"If Greece rejects the second bail-out or falls drastically behind in its program [of debt payments and public sector cuts], its exit could become inevitable."

This scenario appears increasingly likely, as Greek voters have tired of supporting politicians that continue to attack the majority of voters' living standards through massive austerity policies (cuts to jobs, social programs and the public sector in general).

How would the U.S. be affected by a European Union meltdown? The Bank for International Settlements claims that U.S. banks have loaned $96.8 billion to the weakest European nations in the public and private sector, with an additional $275.8 billion to German and French banks, who would suffer directly if the weak nations drowned.

Furthermore, the European Union is the U.S.' largest trading partner; U.S. exports to the EU would instantly plummet if the above scenario were played out.

Which brings us to the silence of the U.S. politicians on the issue. The giant austerity measures that are driving Europe to the edge of revolution have been delayed on the federal level in the U.S. until after the November elections. Then, the seldom discussed budget "sequesters" will go into effect — automatic cuts to federal spending of $100 billion, every year until 2021.

Also, after the election federally enhanced unemployment insurance expires, as does the federal payroll tax cut. Obama's stimulus plan that supported states and city governments petered out at the end of 2011, adding pain to the ongoing deficit crunch nationwide.

It's possible that the U.S. may already be re-entering an "official" recession, though the jobs recession never left; the April jobs report showed that only 63.6 percent of people in the U.S. are either employed or actively looking for work, the lowest in more than three decades.

U.S. politicians — both Democrats and Republicans — are united in a strategy to combat the weakening economy by resorting to the European strategy of austerity. Both parties have already worked together to cut 600,000 government jobs (mostly local) since 2009, destroying the services these workers deliver in the process (education has been most targeted).

These numbers will balloon when the effects of Europe's plight reaches America's shores. The political silence over this fact is a good strategy for U.S. corporate political representatives; the more unprepared working people are for austerity measures, the easier they are to implement (what Naomi Klein calls the Shock Doctrine).

Therefore, working people in the U.S. need to learn to speak Greek, and adopt an increasingly popular slogan that rejects austerity measures: Tax the Rich! In other words, make the rich pay for the crisis they created. In practice this means that, instead of massive job reductions, cuts to education and health care, taxes on the wealthy and corporations should be raised; the banks should be put under public control rather than being bailed out with public money; the public sector should be fully funded and expanded rather than privatized and slashed.

Austerity is when the wealthy attempt to push the effects of their recessions onto the backs of working people, who need only to collectively push back and force the 1% to pay instead.

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