The EU Debt Crisis has Not Been Solved: If Europe Financially Implodes it could take the Entire Financial World Down

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Most believe the European debt crisis is solved, but not so fast. In spite of being told by the German federal court that leverage could not be applied to bailout loans, but they approved leverage anyway. The court says they will redefine their position by the end of the year. Thus, there is no deal until the court says there is one and constitutionally it's legal. The Bundestag must believe the court will change its mind. Now we will just have to see what transpires. In the meantime Mr. Juncker of the European Union said there would be concessions for financial aid. As a result of those disclosures early last Monday the "President's Working Group on Financial Markets" was busy at work trying to keep the stock market indexes from crashing and viciously attacking gold and silver overnight. What else would one expect in a rigged market?

The great miracle solution to the debt of six nations may not be solved and even if solved, European countries will have to supply not just a leveraged $1.4 trillion, but also a leveraged possible $6 trillion. Now we ask you is this prudent? Of course it is not, but desperate people do desperate things. The politicians could be just looking for a way to delay rejection, so that they can perhaps come up with another plan. This is not what derivatives, credit default swaps and CDS, were designed for. Remember, they have no collateral backing them. In this case only the good faith and credit backs these instruments of mass destruction. There could be some real bad unintended consequences even if the German high court were to reverse its original decision, which we do not believe is likely.

It is difficult not to dwell on this European issue, because if Europe financially implodes it could take the entire financial world down with it. It certainly could be the catalyst and few seem concerned about it. The important figures in European politics and finance are ignoring the situation. Outgoing CEO of the ECB, Mr. Trichet, is more interested in telling us of the wonders of his successor Mario Draghi, who is another Illuminist bureaucrat out of the service of Goldman and government bureaucracy.

It looks like the efforts by Mr. Sarkozy of France to bring in China to relieve financial tension came to naught, as each side insults each other. The EU says no special privileges and China says they will not be the savior of Europe.

Again, Germany's constitutional Court has expressed doubts about the legality of a new panel of lawmakers set up the German parliament to reach quick decisions on the release of funds from the EFSF, plus the legality of using leverage. They issued an injunction to that affect.

Portugal could be the next hot spot regarding austerity as the country's two main labor unions prepare for a major general strike.

Then there is the onerous double standard sought by European bureaucrats who want to exempt the ECB from the 50% default on Greek bonds, while at the same time they refused to exempt pension funds. It makes no political or ethical sense that the ECB speculates at the expense of a debt-wrecked EU member state. Stupidity marches on.

The Greeks as a result look like a protectorate of the EU and they do not like it one bit. Greeks say we belong to Germany and the EU.

Stock markets in Europe, the UK and the US are responding negatively, as they should, in spite of US manipulation of these markets. Furthermore, European and world bond markets are saying no to this mess and its phony solution. Greece cannot and won't clean up its balance sheet and they and others have to sell more bonds to rollover existing debt. In each country the public is fighting their governments all the way. The banks and others, of course, are calling for privatization to pay the interest and principal on debt. This, of course, is to make the rich richer, while this problem hangs over the countries' heads – the Constitutional Court says Germany's full parliament has to approve any EFSF bond buying.

The bottom line is that the financial problems of the US, UK and Europe are unsolvable. The purge will come sooner or later bringing decades of social unrest and perhaps revolution. There has not been any success in orderly default. England with its own horrible problems does not want any part of this and is moving to exit the EU and understandably so.

What Occupy Wall Street tells us is that America and the world is fed up with Wall Street, the City of London bureaucrats, hedge funds, governments and the Illuminati. They are killing the dreams of citizens worldwide, and it has to stop. Extreme inequality is going to slow any possible growth in the world economy. Now that hard times are here people are talking and complaining about things they let slide in the past.

Professionals, investors and the public are beginning to understand that the political activity they have seen over the past couple of months are a charade to continue to gain time, as they search for new solutions that do not exist. The EU countries are having difficulty raising funds from foreign sources. It will be interesting to see if BRIC countries come to their aid. You have already seen China's comments. Europe has to solve its own problems, which could include deliberately devaluing the euro, such as the Swiss did with the franc. Beggar thy neighbor is now in vogue.

We find it interesting that German foreign minister Guido Westerwelle said that the EU should be able to construct a new stability agreement within 12 months. Does the German government really believe that they can live in limbo while their financial world collapses around them? The longer solutions take the worse the outcome will be. Collectivization of risk would be the worst possible thing the EU could do. That is how these problems occurred in the first place. Borrowing more to roll debt and sell new debt is necessary.

Italy's party animal, Silvia Berlusconi who also is an Illuminist, has finally enraged most Italians, so he should soon step down. Then perhaps Italy can begin to start to work its way out of its problems.

Although a strong majority in the Bundestag passed Greek bailout 2 the coup de gras was delivered by Chancellor Merkel who declared that unless the Bundestag approved the expansion and use leverage of EFSF funds that the European Union would collapse. She was correct. The EU and the EFSF along with the ECB would have been history. That, of course, is the last thing the Illuminists want. Europe's Bilderbergs were as a chorus recommending approval. The Financial Times Martin Wolf, a Bilderberg regular, led the charge.

Unbeknownst to most Europeans is the European Stability Mechanism, ESM, which is the newest EU monstrosity. It is a new EU administration. What happens when Brussels retains the finance ministers of 17 countries, who can unilaterally commit their nations to billions of euros? That is without limit and permanent and the ministers will have complete immunity from prosecution. The ESM bypasses all nations forming a supra-national governmental command. The ESM will end sovereignty for its members. Each country's parliament has a due date for joining and all will have joined by December 31st.

Europeans had best quickly seek out their representatives and demand that they do not join this treaty and that they vote against ratification. This treaty allows the ESM to take over fiscal finances of all countries as well. We know that Europeans have no understanding, or even know about this treaty, so you had better act fast. The EU media has a total blackout on what they are attempting to pull off. We understand there is just one copy of the treaty and that is in English and is rather odd, when English is not the first language of any of the euro zone countries. Yes, most all of the parliamentarians read English, but historically a treaty would be published in 17 languages. If you do not act 300 million Europeans will spend the future under an ESM dictatorship.

There will have to be renegotiations with the opposition party or default and an exit from the euro zone and perhaps the EU. That would of course be accompanied by financial panic and perhaps the same course by Ireland and Portugal. As Greece takes all the flack no one says anything about the bankers who are responsible for all of these problems.

Irrespective of the German legislation effectively banning the ECB from further bond buying, they are still buying Italian and Spanish bonds. As Rome literally burns, PM Berlusconi has secret meetings with fellow Illuminists Mr. Sarkozy and Mrs. Merkel. They agreed that Berlusconi should expedite economic reforms by adding them as an amendment to the budget bill. As this transpires Italy's borrowing costs jumped almost 1% to 6.26%, which is why the ECB was buying Italian bonds. Their yield is now 4% higher than German bunds. Brussels of course has the answer, send in bureaucrats and technocrats to overhaul the system and in the process relieve Italy of its sovereignty. That would be like the Vandals sacking Rome.

There is an EFSF bond offering in the works and it will be a very hard sell. The issue is to bailout Ireland. They are raising $4.2 billion in a 10-year note.

While Europe tries to sort out its problems US banks have bet heavily on a solution. The money center banks have increased sales of insurance against credit losses to holders of Greek, Irish, Portugal, Spanish and Italian debt in the event of default. These are figures from the BIS, the Bank for International Settlements. The numbers leaped from $80.7 billion to $518 billion almost all of which are CDS, credit default swaps. New York banks, which in great part own the Federal Reserve, obviously are going for broke. That means in the last three months they added $350 billion in exposure. All we can say is that they must have a death wish.

As events change from moment to moment regarding Europe's problems, predictions are difficult due to the machinations and irrationality of the elitists and the governments they control. How conceivably can governments' bent on world government and the bankers who control them come up with solutions for the Greek euro and other EU problems? They cannot, of course, because they have an ax to grind. These are the same incompetents that created unregulated derivates, CDO's, CDS, ABS and MBS, plus were the driving forces behind QE 1 and 2 and stimulus 1 and 2, all of which did not work.

We have just seen lower interest rates by the ECB that won't have much impact on a failing EU economy. The collective debt is overwhelming and the debt in just 6 countries will cause the solvent EU members to come up with $4 to $16 trillion just to keep them from failing. Thus, EU bankers and politicians will do anything to prevent a domino effect collapse. Bondholders say they will accept a 50% write off, when the loss should be 100%. Who are they kidding, these countries are bankrupt and so is the euro. We see another Illuminist ex-Goldman Sachs International Managing Director, Mario Draghie, at the helm of the European Central Bank. What does that tell you? It tells you his instructions will be coming directly from his friends on Wall Street. There is no question he is representing Goldman in Europe. This appointment is a signal as to where Europe is headed and that is the same direction as the US.

Italy has agreed to have the IMF and the EU monitor its progress regarding the implementation of long-delayed reforms of pensions, labor markets and privatization efforts. We see emerging government and the end of Berlusconi's rule.

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