Uncertain Future for the Euro: The Plight of the Netherlands. Staggering Unemployment in Spain and Greece

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A report by the London-based Lombard Street Research, which says the Netherlands is badly handicapped by euro membership, and as a result the Dutch Freedom Party has called for a return to the Guilder. Leader Geert Wilders has become the first political movement in the euro zone with a large popular base to opt for withdrawal from the single currency. The Freedom Party is a conservative populist party. We do not read Dutch, but the very fact that this information was only picked up by a few sources outside of the Netherlands shows you what managed news is all about.

Needless to say, the Hague disagrees with the report, which puts the cost for subsidizing and bailing out of the six nations in trouble at $3.2 trillion. We set the costs months ago at $4 to $6 trillion. Mr. Wilders' answer is if they disagree with the report, why don't they have the guts to hold a referendum? Let the Dutch people decide.

The report says as we have said so often, that the euro zone cannot survive in its current form. Dealing this year with Ireland, Portugal and Greece should be relatively easy by letting them slide away. Spain and Italy have partially been shunted aside and by the time they are dealt with they will be even weaker than they are now. The socialist mind set is to push problems into the future, which only worsens the problems. The big question is will Europe strive for world government and allow it to thoroughly destroy the EU financially and economically?

The stark costs in Holland have been easy to appreciate. Over the past ten years its growth rate fell from 3% over the preceding 20 years to 1.25% under the euro, versus 2.25% in Sweden and 1.75% in Switzerland. Their inflation has been lower and prosperity greater. They also created more jobs then Holland and Germany. Of course, the bought and paid for one-worlders in The Hague, and Berlin ignore all that. All they can think of is the 4th Reich. The EU and the euro zone were set up to accomplish this and to subsidize the six sovereigns who were living lives far beyond their means.

The exercise we just saw in Greece was another holding action to buying more time as the conditions in all of the weak sovereigns continues to deteriorate. We see Greece, Portugal and Ireland probably leaving the euro zone, exiting the euro, defaulting and leaving a trail of financial rubble behind. That is good and bad. The good part is they have been dispensed with and are no longer an official liability, on the other part the solvent nations, such as Holland, are left holding massive worthless debt. Our answer is they should have thought about that year's ago.

As we stated so often over the years one interest rate can never serve all. The south was allowed to borrow too cheaply and too much. That is the main reason for the euro zone's failure. It was apparent a few years ago trouble was on the way when a number of nations' citizens voted against a European Constitution, but their bought and paid for representatives, who serve the ruling class not the people, overrode them. Patience of the electorate has worn thin and we can only see radical change ahead.

This has forced Dutch PM Mark Rutte to demand budget cuts in southern Europe, which do little good, because few are listening. He has to cut the Dutch budget about $12 billion, which is equal to 1.5% of GDP to hold up the ratings of all of the participants, except Germany and Finland. Public sentiment to all this is negative and there is now the probability Rutte's government will collapse. If that happens it could quickly lead to the fall of the euro.

Holland is in its second recession in three years and unemployment has risen to 5%. Consumer confidence is a minus 37, the lowest since 2003. For the 5th year Holland has missed its mandated goal of public debt at 3% of GDP. It is currently about 4.5% in great part the result of bailouts and subsidies to those who are unable to play by the rules.

Dutch debt is rising to 73% of GDP from 69.7%. The EU limit is 60% of GDP. By comparison German debt to GDP is 81.8% and it is 47.2% in Finland.

The solvent countries are paying a terrible personal price to subsidize the southern tier.

How can Greece be better off receiving $25 billion and with more debt and less sovereignty? The citizens are still demonstrating and revenue collections have fallen off a cliff. Greece is still competing on euro terms, which still makes them uncompetitive.

In spite of the CDS market opting for a partial default to save their business we expect the NYC banks to experience much less business. Participation in sovereign debt will simply fall apart and interest rates will not return to lower levels.

Taking up the rear is the IMF, which plans to contribute $30 billion in this second Greek bailout, which is 14% of the total, of which about 19% comes from American taxpayers. That is down from 27% in the first package. Of that $30 billion, $12.7 billion comes from funds left over and not used in the first bailout. Approval may come on March 15th.

The ECB and solvent euro zone countries want excess liquidity drained from the system ASAP. Their finance ministers want to revive debate on a stronger firewall, but that doesn't seem probable after the German court said that the ESM was unconstitutional.

Complicating matters every couple of weeks a new corruption scandal is uncovered. Not just among Greeks in government, but the German company Siemens was convicted of bribes and paid a fine of $170 million and will have to create 700 new jobs in Greece. In fact the current finance minister Venezelos has been deeply involved in corruption as well, and that goes back many years. We believe the control freaks in northern Europe have finally figured out that there is no way to deal with the Greek culture from a mid-European cultural aspect, or from accepted law. To a more or lesser degree the same thing exists in the other four troubled countries.

As we pointed out earlier Holland's austerity measures in behalf of bailouts for Greece and others are putting tremendous pressure on their economy.

In 2011 Germany failed to reach its austerity goals and they are behind schedule this year as well. Only 42% of spending cuts named by Mrs. Merkel's coalition government were implemented. There were $6.16 billion in cuts and that is from a total of $14.7 billion. It's do as I say not as I do. Of $25.4 billion in savings less than half has become reality. The goal is to eliminate all borrowing by 2020. These rules should have a heavy impact on all EU economies and probably will bring about the purge that is necessary to save what is left of the world financial system.

Just to show you how out of touch with reality euro zone finance ministers are they want to again revive debate on raising the EU firewall backup funds for bailouts. In order to do that Germany would have to amend its constitution. We don't think the voters will allow them to do that.

At the same time German Finance Minister Wolfgang Schaeuble wants a Europe wide tax on financial transactions. He joins nine other ministers from other countries who want to foist another tax on the citizens of Europe.

The US press gave little or no coverage of a 500,000 person peaceful march in Spain over labor reform, that switches more power to employers and makes it cheaper to fire workers. They marched in 60 cities.

Over in Italy the appointed president Mario Monti is trying to do the same thing as Spain to fatten corporate profits.

All is not always what it seems to be. The CFTC announced that the CME Clearing Europe LTD has vacated the registration of CMECEL, as a derivative's clearing operation. This has been a very lucrative market for the CME in CDS alone, which is a $50 trillion market. Is that why CME's CEO Craig Donohue, who is a flamboyant liar has resigned?

The Greek bailout has to stink to high heaven and this move by the CME could be the beginnings of trouble or perhaps even a scandal. At the last minute somehow miraculously the quota was completed at 95% of private participants to get the deal done. Could it be extortion, blackmail and payoffs were employed? If we had to guess we'd say yes. Eventually losses of 74% were taken. On the other hand the real depth of the CDS losses by six NYC money center legacy banks we predict could be close to $30 billion. If that becomes fact, that means those banks, which own the Fed, would have to again be bailed out by the Fed. This could be TARP all over again, but this time the public would have no knowledge of such a bailout until someone goes poking around, like Bloomberg did and finally won their appeal exposing what liars the Fed and its owners are. The Greek debt crisis is not fine and all the top people in the EU are well aware of that. A little bird also tells us some of the private bondholders are taking legal action. It has to be serious when the German Finance minister says, "We must be preparing now, any day, for a third bailout." The bottom line is Greece has not been saved and the euro is in serious trouble. As we said years ago this unnatural association is doomed to failure. The only question is when does Greece fail? It could be in May or perhaps by the end of the year.

Young people 18 to 25 years old fight wars. Their unemployment across Europe is staggering. That is 49.5% in Spain along with 22% among others. In Greece youth unemployment is 51.1%; otherwise it is 21%. In Greece that is more than 1 million young people and that is up 41% yoy. Only about 4 million people have jobs, or 36.1% of the population of about 11 million. Greece is in depression and they cannot service debt nor roll over existing debt. That means soon they will need more money.

In regard to future bailout funds the French expect a merger of the EFSF when the ESM is approved. The German Federal Court says it is unconstitutional for the German parliament to approve such a measure. Yet, Europe's one-worlders proceed as if they had never heard of the German Court decision. These people live in a psychotic fantasy world believing only they have the answers.

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