Written by **Alex Newman** on November 10, 2011

France, Germany, and UK Discuss Euro Collapse

Several possibilities have been mentioned by analysts including the outright breakup of the euro-zone altogether or at least expulsion of some of its more irresponsible member governments. And there are more than a few in that category.

The massively indebted Italian government, with its bond yields soaring to new heights, is thought to be too big to rescue. And hundreds of billions have already been poured into the socialist Greek regime to no avail. The socialist governments of Spain and Portugal are in terrible financial straits, too.

But Italy — the euro-zone's third largest economy — is dominating the headlines for now. The supranational regime's bailout fund does not have nearly the amount of money needed to rescue the Italian government.

The European Central Bank (ECB) has so far resisted calls to print even more money to completely paper over the Italy problem. But some analysts believe the central bank is secretly plotting to buy up Italian government bonds in the near future.

According to senior EU policymakers cited in news reports this week, however, the prospect of booting certain members out of the single currency is growing larger — with Italy at or near the top of the list. And discussions about how it might work have been ongoing in Brussels for quite some time.

"France and Germany have had intense consultations on this issue over the last months, at all levels," a top European official in Brussels, speaking on condition of anonymity, was quoted as saying by the Reuters news agency.

The remaining governments would then forge ahead with ever-greater economic and political integration. And the leaner supranational regime would then take charge over everything in the member-states from taxes to budgets, allegedly to prevent more crises.

Of course, publicly, European leaders are denying that any governments will be kicked out. "We have a single goal and it is to stabilize the euro-zone as it is today, to make it more competitive, to make progress in balancing budgets," German Chancellor Angela Merkel told reporters on November 10 when asked about Italy. Closer integration is the answer, she added, calling for Italy to solve its political crisis as quickly as possible. "We believe this common euro area is also capable of thoroughly winning back its credibility — that means for every single country," Merkel claimed. "That is the reason we have always said that solidarity with a country is linked to efforts toward budgetary consolidation."

But members of Merkel's Christian Democratic Union (CDU) party are reportedly not on the same page as their leader. According to media accounts, the CDU is currently drawing up plans to support allowing hopelessly bankrupt governments to leave the single currency without exiting the EU.

"The strategy until now of defending every millimeter of the euro-zone is, in the long term, the most expensive solution for Germany," CDU European Minister of Parliament Markus Pieper told a German newspaper.

But EU bosses are having none of it. Instead of splitting up or decentralizing the bloc, European Commission President José Manuel Barroso is demanding — as usual — more integration.

"We are witnessing fundamental changes to the economic and geopolitical order that have convinced me that Europe needs to advance now together or risk fragmentation," Barroso said, echoing his insistent calls for an even bigger and more powerful regime in Brussels. "Europe must either transform itself or it will decline. We are in a defining moment where we either unite or face irrelevance."

And instead of letting struggling members exit the single currency, Barroso wants hold-out nations to jump onboard the sinking ship. "All EU members should have the euro as their currency," he claimed, sparking ridicule among commentators as countries such as Sweden and the United Kingdom breathe a sigh of relief for having avoided the fate of euro-area governments by keeping their national currencies.

British Prime Minister David Cameron said his nation, which rejected the euro and still uses the British pound, was preparing for all possibilities. And one of those, he noted, is a breakup of the single currency.

Some experts say that is probably the best course of action anyway, pointing to the single currency and central banking as among the biggest factors in the EU's ongoing economic crisis. Indeed, liberty-minded financial analysts such as Gary North are celebrating the euro's implosion as a victory of liberty over centralization.

But even mainstream experts believe the collapse of the euro-zone — at least in its present form — is all but inevitable. "With Italy in turmoil, the EMU is coming up against its own contradictions and probably heading for a breakup. The mix of economic malfunctioning and open disregard for national sovereignty and democracy is highly combustible," noted Costas Lapavitsas, a professor of economics at the University of London who recently wrote a report about what may be coming. "Peripheral countries, in particular, are steadily forced toward the exit, with Greece under the most intense pressure."

Lapavitsas said the process was probably the only way to break out of the monetary-union "trap" while restoring national sovereignty. "But those who decide EU policy would have only themselves to blame," he noted.

Of course, experts and analysts have been predicting the collapse of the single currency for many years. But since the economic crisis began, even the most stalwart supporters of fiat currencies and integration have been forced to admit that there are serious problems.

Former Federal Reserve boss Alan Greenspan, who went from gold-backed currency advocate to central banking "maestro," admitted in August that gold was a currency and that the euro was getting crushed. "The euro is breaking down and the process of its breaking down is creating very considerable difficulties in the European banking system," he said. "The problem is that there is a growing cleavage in the economic and analytical and banking circles as to whether the euro, which is the crucial issue here, should be [in] 17 countries."

In South America, where mostly leftist governments are also speeding toward "integration" and a continental union, UNASUR bosses have put the single-currency project on hold pending euro developments. The South American currency initiative remains on ice until further notice. "When we started UNASUR the idea was to create a single central bank and a single currency, but the experiences of Europe led us to park the initiative," explained Rafael Follonier, the Argentine representative to UNASUR. "In the European Union the single currency is a corset preventing members from leaving."

But while Italy and other PIIGS — Portugal, Ireland, Greece, and Spain — might be too big to save, it does not mean that EU proponents won't try. As *The New American* reported this week, the regime is quietly building a massive, permanent bailout mechanism that will be known as the European Stability Mechanism. Critics are calling it a "dictatorship."

The ECB, meanwhile, has been printing gargantuan sums of new debt-money to buy up government bonds that markets largely refused to purchase. But no matter what happens, analysts say the future of the EU does not look bright.

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