The European Union Agreement: "Too Little, Too Late"?

As reported by Annika Breidthardt for RealClearMarkets.com, the latest European crisis summit that ended last weekend resulted in "a historic agreement to draft a new treaty" which she then characterized as "too little, too late." Reaction of the equity and currency markets agreed, with substantial losses in American and European stock markets opening the week, and the euro dropping to lows not seen since last February.

The agreement will require EU member states to ante-up $267 billion to the International Monetary Fund which will then turn around and re-lend it to those member states in financial trouble. Exactly how those needing the funds will "ante-up" was left unexplained. The existing bailout fund — the European Financial Stability Fund, or EFSF — will be leveraged, debt upon debt, to give it more ability to lend to those same struggling countries.

But the big news is the moving forward of the date for ratification of the ESM — the European Stability Mechanism — by a full year, to June of 2012. This is the elephant in the living room that few in the media have spent much time reviewing, although a careful analysis is available here. The reason for moving ahead with such a grotesque totalitarian program is obvious: there may not be enough time left to implement it. Investors continue to demand higher and higher risk premiums when lending to Greece and Italy, Standard and Poor's will be doing another financial review "as soon as possible," while Moody's expects to issue its own credit report on European countries and banks early next year. Moody's took a dim view of the "historic agreement" by noting:

> The communique offers few new measures, and does not change our view that risks to the cohesion of the euro area continue to rise.

The pressure to move quickly is also being applied by Britain's Deputy Prime Minister, Lord Heseltine (picture above): "A lot of uncertainty remains. Most of all we have to implement quickly what was agreed. We've got to work on that with high urgency. We can't go into our Christmas break [early]." And the reality is that Italy will be attempting to refinance nearly $200 billion between February and April.

It didn't help any that England's Prime Minister David Cameron backed away from supporting the agreement, requiring certain protections that anything decided in Brussels wouldn't apply to the City of London. What was most disconcerting is that any Tobin tax built into the agreement would apply to the virtual financial center of the universe: the one square mile in London with its own charter, its own government, and the home of elite banking firms around the world. The Tobin tax would effectively tax every financial transaction which would seriously impair the operations of the center and be a serious disincentive to trade among and between the EU countries. As Lord Heseltine,noted: "There is a very real fear [that European leaders] could create rules for the Eurozone that would make it difficult to trade outside it in financial services activities."

There is a certain justice in Cameron's decision. He is not representing England. He is representing the City of London, a "medieval, unaccountable" government within London, according to George Monbiot writing in *The Guardian*:

> It's the dark heart of Britain, the place where democracy goes to die…immensely powerful, equally unaccountable.
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> What is this thing? Ostensibly it's the equivalent of a local council, responsible for a small area of London known as the Square Mile…
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> The City of London is the only part of Britain over which parliament has no authority. In one respect…the Corporation acts as a superior body: it imposes on the House of Commons a figure called a 'remembrancer:' an official lobbyist who sits behind the Speaker's chair and ensures that, whatever our elected representatives might think, the City's rights and privileges are protected.

As Anthony Wile explains, "The City of London is the epicenter of central banking worldwide. It is the place from which world wars have emanated and plans for global conquest are…hatched…The UN and League of Nations were given birth there and the EU was likely conceived there."

If Wile is correct, then the delicious nature of the City's support for a trans-national entity in Europe becomes clear: it's creature wants to impose pain upon its parent! Ambrose Evans-Pritchard, writing in The *Telegraph*, calls the agreement in Brussels "Hooverism written into EU treaty law."

He calls the new agreement a leech, where unelected EU officials will tell the elected officials of countries not abiding by it "how to treat trade unions, what to tax, and what to spend." Not only will this end national sovereignty in Europe, it will send the rickety economy into a 1930's-like depression, just like President Hoover and his follower, President Roosevelt, did in the United States.

It's not all bad news. It's becoming more obvious all the time that this is a race against the clock. Potential failures and bankruptcies not only of banks but countries may just overwhelm the EU's attempts to collectivize everything in sight, but political resistance is building as well. The push forward for the date of ratification of the ESM is being met by pushback from growing numbers of citizens aware of the dangers.

It's a race to the pass. Whoever gets there first controls the pass.