

Notes of 18th June 2012

Diary Notes of Hartmut Pilch

Hartmut PILCH

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1 Vaffanculo, rubatori! Hands off from Germany's Credit Card!

An extremely vulgar caricature of Merkel, symbol of the scapegoat that Germany has become for large sections of the public and politicians also in Italy, with text that justifies a response in the spirit of Beppe Grillo. Other newspapers are less vulgar in their tone but not in their substance. I see a choir of people who think they can morally blackmail Germany into handing out its credit card in order to avoid a crisis, starting from mostly anglosaxon writers.

One problem that these writers tend to overlook is that Germany is itself under a huge strain of debt. Bailing out 17 million East Germans led to 2 trillions of debt, and Club Med is in effect asking for a bailout of 300 million Europeans. It is asking this from a country with an aged population in a continent with a glorious past that has for decade fed on its substance and moved toward a less and less sustainable way of life.

And I am talking here about sustainable not in the meaning of nature conservation but of reproduction of the human qualities that are the key factors of competitiveness today. These factors are what matters for investors. And overdebted states can't perform miracles in places where private capital is not going.

2 Greek Crisis Postponed

Greece may now be able to head for another four years of euro-loyalist government under a prime minister Samaras supported by the two formerly big parties. However as soon as negotiations with EU and IMF become uncomfortable, Samaras can threaten to dissolve the parliament, and the "Radical Left", which grew enormously, is there to take over.

That is good for the bargaining power of Greece and bad for the German tax payer, who is becoming more blackmailable every year.

Krugman calls Greece a victim and attributes the harsh conditions under which it is currently being "rescued" to "hubris" from EU and especially German side.

I'd rather say that Greece is a victim of its own decisions, the worst one of which apparently was the decision to enter the babylonian tower project called euro. Expecting Germany to bail everybody out, as many anglosaxon opinion leaders are currently doing, can be seen as another example of hubris.