

View from the Bridge

By Clive Hale

an alternative look at the investment world

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Send in the economists

Back in August 2011 I quoted these lines from Sondheim's "A Little Night Music" apropos the then raising of the debt ceiling in the US which we thought was the height of farce at the time.

*Don't you love farce?
My fault I fear
I thought that you'd want what I want,
Sorry my dear
But where are the clowns
There ought to be clowns
Quick send in the clowns, don't bother they're here...*

It turned out to be a "little light music" compared to the sequestration dance we are going through now. I find castration a lot easier to say and would have no problems applying the procedure to the members of the political circus that poses as democracy on both sides of the pond. The real problem is that a good number of the electorate require the same treatment for voting the muppets in in the first place.

The gravy train that poses as the Electoral College in the States is rigged to make it near impossible for anyone other than the Democrat or GOP nominee to get into the White House. Ron Paul was on the ballot paper but he knew that third place was as good as it gets. Eventually the US electorate will wake up to the fact that their political system only works for their politicians. Democracy US style means that the rich get richer and the poor get food stamps...

In Europe it is very different. We can vote for the Monster Raving Looney Party – yes there truly is such a thing – the Beer party and one day soon the Blessed Nigel of Farage. To get on the list of candidates over here you have to stump up £500, be a UK, Commonwealth or Republic of Ireland (how did that happen?) citizen, be seconded by 10 voters in the constituency and not be a police officer, in the military or a member of the House of Lords or bankrupt or bonkers. UKIP may well have won the Eastleigh by-election had Farage stood as a candidate – along with 13 others - but as it was Diane James took votes off the Tories and Liberal Democrats in equal measure. This may have been spun as an inconsequential protest vote the happenings in Italy earlier in the week is beginning to cause the establishment some angst.

A whole raft of ~~vested interests~~ German newspapers and politicians have been venting spleens; here's a selection.

Italy's Childlike Refusal to Acknowledge Reality – Der Spiegel
Silvio Berlusconi ruined Italy and brought it almost as close to bankruptcy as Greece. It is worrying that voters didn't punish this jester by ignoring him. In the campaign he promised the abolition of the IMU real estate tax and even the repayment of the taxes already paid under it. The failure to punish such nonsense casts a bad light on a country that requires a fundamental political renewal. If you count the results of the Five Star Movement of the rabid Beppe Grillo, who has been preaching wild hatred of the 'freeloaders up there,' then more than half of Italians voted for some form of populist. This amounts to an almost childlike refusal to acknowledge reality. – Die Welt

"More than half of Italians voted for some form of populist". Well I wonder why that was. Could it be that they have had enough of the "freeloaders up there"? And then there is The Economist that bastion of the establishment with a remonstrating front page headline, "Send in the Clowns. How Italy's disastrous election threatens the future of the euro". The democratic process; more than half the electorate voted for Grillo and Berlusconi; has been sidelined as a childish tantrum. Is there any chance that the powers that be have some real skin in this game as in can they get more power and more money? When Grillo was making his name as a proper comedian the then premier of Italy, the head of the Italian Socialist party Bettino Craxi was visiting China. The apocryphal joke runs as follows. "If the Chinese are all socialists who do they steal from?" Craxi spent the latter years of his life in Tunisia to avoid the rather short arm of the Italian law on charges of corruption.

The euro is a political construct that has been flawed in design and execution from day one of its sorry existence. The Greeks know that; they have just been downgraded by Russia to emerging market status. In Spain with youth unemployment at 55% Catalonia has taken the first steps towards succession and ominously General Juan Antonio Chicharro, until 2010 commander of the Marine Corps, has opined that "What do the Armed Forces do now?" he gave no answer but the inference is quite clear. In Italy the populace has had enough of the German insistence on austerity. Their choice of politicians is, after all, their choice and if they want to live as Italians in a sub optimally run country then good for them.

Leaving the eurozone is an option unless your ~~pig-headedness~~ misguided politico/economic beliefs prevents you from understanding that fact. The populist vote suggests that they want to get back to being what they are very good at – being Italian.....not German. Euro R.I.P.

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