

Iain Martin: The euro crisis is terrifying - but it's Cameron's last chance to restore Britain's sovereignty

2011-05-16 13:31:11 by webmaster

16 MAY 2011

By Iain Martin | Mail Online

Surely, it was one of the greatest escapes in Britain's history.

If we had been foolish enough to go into the European single currency we would be in an even more dire economic situation than we are now.

The euro's lower interest rates would have made money even cheaper and easier to borrow during the boom, making the recession deeper when the bubble burst and more difficult to get out of.

You won't hear any of this from those in the political establishment who cravenly backed Tony Blair when he was madly trying to abolish the pound.

Lord Mandelson, Nick Clegg, Lord Heseltine, Paddy Ashdown and Ken Clarke have all gone incredibly quiet on the subject of the single currency.

And no wonder, considering the terrifying scale of the calamity unfolding in the eurozone.

The crisis is now very dangerously poised. Weaker countries on the periphery of the zone – Greece, Ireland and now Portugal – cooked their books, ran up vast debts and have had to be bailed out by the rest, as well as by the International Monetary Fund.

The markets so distrust these countries – understandably given their reckless behaviour – that they are prepared to lend to them only at exorbitant interest rates. And this, in turn, worsens their debts.

This week it became clear that last year's bailout of Greece has simply not worked. So out of control are the country's borrowings and spending – even after various austerity programmes – that it is in serious danger of defaulting on its loans.

To head off this possibility, some are suggesting a so-called "restructuring" in which those institutions in the financial markets which loaned money to the Greeks are forced to accept that they will not get all of it back.

Yet even this might not be enough to put an end to the problem. After crisis talks earlier this week.

[Read entire article](#)