

## Political Climate Change

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â€¢ For more than four years now I have been writing articles on the problems in the Eurozone. It is becoming a rather wearisome subject, despite the twists and turns in the plot line. Thatâ€™s because we all know how the book ends.

But what we donâ€™t know is what story follow up books will tell. For this first time European Central Bankers have explicitly discussed a Greek exit. Over the course of the last two years I have challenged the Commission President over the possibility of Greece being booted out of the single currency. He repeatedly denied that this was even a possibility. I wrote to the Chancellor of the Exchequer and the Minister for Business in the Welsh Government to enquire whether an impact assessment had been drawn up and how we would deal with the implications of overnight chaos in the Eurozone. The response was one of silence.

It would seem though that the day for serious scrutiny has come. Markets have plunged in response to the new fears that Greece will run out of money to pay its creditors as early as next month, with reports from The City that some companies have already asked for drachma to be included on their systems. Economists fear that a Greek exit would result in runs of Spanish debt, forcing them to seek bail outs when the reserves for such a crisis would not even begin to meet the needs of contagion spreading to the EUâ€™s fourth largest economy. Yet any crisis in the Eurozone jeopardises our own economy. Fragile Ireland just across the water would suffer under a collapse of the single currency. Remember that it was UK sterling that underwrote Irish debt, while Ireland remains tightly bound to Wales in terms of trade. Meanwhile the Eurozone remains the UKâ€™s largest single export market.

The other consequence of economic misery however is more worrying. As demonstrations in Spain are revealing an increasing appetite for protest, Southern Europe is preparing for a summer of discontent from across the political spectrum. Fifty thousand â€œIndignantsâ€• gathered in Madridâ€™s Puerto de Sol at the weekend. Suggestions that the Greek Parliament, having been unable to form a government after recent elections, may continue with a technocratic government that would be obsequious to Brussels would be met with bloody protest. What was witnessed in the Arab Spring could soon be taking place on the continent. The last time capitalism and democracy went into retreat in Europe the results were terrible. Barely eight years after the last time European banks collapsed, the continent was plunged into a series of civil wars and nationalist struggles that erupted into World War II.

[John Bufton's blog](#)