

First There Were 27

First there were 27 European countries negotiating the fiscal union. Wait – there are only 17 countries using the euro! Where did the other ten come from? And, more important, why were they even involved in the negotiations? The eurozone problem – OK, one of the problems– is trying to become a monetary union without two key elements. First, the European Central Bank is prohibited from acting as lender of last resort. Second, the rules for fiscal policy have not been enforced. Every eurozone country has violated at least one fiscal rule with no penalty.

The other ten countries belong to the European Economic Union, but do not use the euro currency. Why they were even involved in these negotiations is a mystery. Probably the arrogance of French and German negotiators trying to maintain the fiction that there is only one Europe.

Nine of those ten countries should send thank you notes to British PM David Cameron. He pulled out of the negotiations after eurozone members insisted on regulating Britain's financial sector. That gave cover to the other nine countries which promptly followed the UK out the door.

If they keep this up, the euro is doomed.