

If Germany insists Europe model itself on Germany expect...

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[If Germany can't stop the collapse of European hopes, who can? | Will Hutton | Comment is free | The Observer.](#)

Will Hutton is in sombre and appropriate mood in the Observer:

The future of Europe is in the balance. The potential disintegration of the euro will be a first-order economic and political disaster. Economically, it will plunge Europe into competitive devaluations, debt defaults, bank bailouts, frozen credit flows, trade protection and prolonged stagnation. Politically, whatever resolve there is to hold our disparate continent together, where the old enmities and suspicions are never far from the surface, will evaporate.

He is right: collapse is what is in prospect.

And he's also right:

Germany....is looking on with horror. It was the Reichsbank printing money that created hyperinflation and led, in part, to national socialism. [But n]ow, the European Central Bank is about to embark on the same course. What the European Union is turning into is a "transfer union" complains Chancellor [Angela Merkel](#), echoing her right-wing tabloid press, taking money from hard-working Germans to bail out feckless Greeks, Spaniards and Portuguese.

That point is vital: a politician constrained by the phobia of a press blinded to reason is useless in this scenario. Despite which:

European governments have a matter of months — maybe weeks — to find a way of making the euro a credible currency.

The trouble is that all these solutions [proposed] involve more Europe, not less, and Europe's political leaders, especially the Germans, are not in the market for more Europe. The Germans have issued their own stern, unbending, nine-point plan: Europeans, in short, need to become more German and if they don't, they should leave

the EU.

But:

Not everybody can build a manufacturing export machine. Somebody has to be an importer.

Precisely.

There is only one solution:

The least bad option, as the [IMF's chief economist, Olivier Blanchard](#), has recently argued, is a modest and targeted increase in inflation. He suggests an inflation target of 4%.

This is what we will have to do in Britain. It is also what would save the euro. Germany will soon have to decide what it wants — a hard currency and a broken Europe or a compromised currency and a Europe that holds together. It is a decision that will affect all our lives and I'm not optimistic that Germany will make the right choice.

Hutton reflects what I have been writing.

Inflation of European collapse?

It's a no-brainer.

And I fear the choice will be collapse.

And that leaves me worried for my sons.

Generations were wiped out for such error in the past.

Hat tip to George Irvin