

Only a fool would believe that these stress tests are a...

Published: January 13, 2026, 12:05 am

[Frances Coppola is a former banker](#). As she says of the latest round of European bank stress tests:

*The structural inadequacy of the EU test, and the low capital requirement, arise from the fact that at the moment no EU leader is prepared to admit that multiple sovereign default is even a serious risk, let alone likely to happen soon. I am reminded of the last line of Flanders & Swann's *The Ostrich*: "Here in this nuclear testing ground/ Is no place to bury your head!".*

Let's hope the EU leaders get their heads out of the sand and come up with a sensible plan for dealing with excessive debt burdens in peripheral countries before the Eurozone blows up in their faces.

My fear is simply stated: I don't think they will. Neoliberalism still tells them to believe in the market and that the market knows best. It incapacitates them by crippling the self confidence of politicians, who it says by definition do the wrong thing.

That's why we're in this mess.

I hope we can get out without a real disaster. But it will take people - people like Ed Miliband who has now found his confidence - to stand up to bankers as Miliband stood up to Murdoch - and say "You're wrong - and we have got the right to say so, and regulate you as a result".

Is that too much to hope, even now? I hope not.