

Will the Archduke survive?

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To [continue yesterday's metaphor](#)...it looks like the [Archduke may survive](#) after all. Merkel and Sarkozy supposedly have the umpteenth deal to save the Euro without making fundamental change and Obama is going to agree to slash spending and not increase taxes after all (the ultimate failure of the Courageous State).

We may get through the next week without financial meltdown.

The fact that banks are insolvent despite that will however mean that this problem will recur, soon. Liquidity may remain intact for now, and that's advantageous. But the crisis of solvency remains. Only radical action will solve that.