

This time we nationalise the banks - and I mean all of ...

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George Osborne [agrees the Euro is in a crisis](#) and urgent action is needed

The [IMF say a](#) vicious circle of weak growth and weak balance sheets is fuelling a crisis of confidence and political dysfunction in the EU and US (otherwise called the Republicans) could derail any hope of recovery.

The [market is being flooded with dollars](#) that EU banks can't get from inter-bank sources.

And everywhere there is political inaction.

This is a phoney war: [this is the crisis](#) I talked about earlier this week developing as I suggested it would.

So yes, [we need to print money](#), as I have already suggested, and we need to do something else.

Candidly, we have to prepare now for the complete, even if temporary, nationalisation of banking.

In 2008 we let banks off the hook. We threw hundreds of billions at them - and they took it all and gave nothing in return.

Now they are in crisis again - a crisis at least as bad as in 2008. And they need capital very, very badly in very short order. There is no functional market that can supply that capital in the timescale required - it's weeks at most, maybe less. So only government can. Bail out 2 is now inevitable. I think the IMF at least know that.

The fact is the banking system is now failing again. It's systemically failing. And in that case only nationalisation can save it.

And it's only nationalisation of the banks that can also save nation states from failure too at this moment. The reason is simple: if the banks are brought under state control

then first of all we can undertake radical reform of the way in which they operate before handing parts at last back to private owners (on which more in another blog, later). And second, we can do what else that is really needed: which is massive cross cancellation of debt so that balance sheets of countries and banks are deleveraged all at the same time in an act of mass debt forgiveness - the ultimate Jubilee.

Oh I know this is radical. But not that radical. The threat we're facing is at least as bad as that of war: both threaten the well being of the state and all who live in it. And in times of war the state takes control of assets - and returns them afterwards, if appropriate.

That's what must happen now. Ring fencing is fine - and might be appropriate in 2019 when this mess has been sorted out. But for now prepare for the whole hog - because we won't survive unless the banks move under state control and very, very soon, and not just here but across the whole of Europe and beyond.