

If the Euro fails

Published: January 17, 2026, 2:27 am

Angela Merkel is report to have once said [that if the euro fails so does Europe](#). I wasn't sure about that for some time. But she was right, that's what's at stake today but not, I suspect for the reasons she imagined.

The difference is that the Euro need not fail today. Technically all problems with Greece are as soluble as those with Cyprus were. There is a need for debt restructuring, a deposit haircut, and economic reform in Greece that will need to be carefully monitored whilst being flexible enough to address unforeseen developments, of which there will be many. Such arrangements are well within the wit of the negotiators. But not their will, it seems.

Finland and Latvia have joined Germany in demanding their pound of flesh. It is as if Shakespeare never wrote the Merchant of Venice or Dickens Little Dorrit. It is as if modern statespeople had not learned the pragmatic value of insolvency law. It is as if, [as the Pope would have it](#):

Once capital becomes an idol and guides people's decisions, once greed for money presides over the entire socioeconomic system, it ruins society, it condemns and enslaves men and women, it destroys human fraternity, it sets people against one another and, as we clearly see, it even puts at risk our common home.

These words are poignant. The whole point of the European project has been about creating commonality; about resolving past divides and preventing future conflict. But all this seems to have been forgotten. As I noted recently, if Greece was a state facing imminent collapse the EU would undoubtedly fund it. Because it is in monetary union it will not.

This is a special form of dogmatic blindness, and I am wary of all such dogmatism. It is undoubtedly true that Greece made mistakes and the Greece needs reform. But so did the lenders make mistakes and so are the EU and the euro in need of reform. This is a moment for not just pragmatism but also magnanimity. We're not getting either.

I am worried. I look at what is happening, and what could happen as the EU faces the

risk of tearing itself apart and worry about Sarajevo, June 1914 and Munich, September 1938 and worry. I have sons. I fervently wish for peace in their time. Small things destabilise systems. In the grand scheme of things the Greek crisis is small but its power to destabilise is enormous.

I sincerely hope the euro does not fail. But not for the sake of the euro. I think so for everyone in Europe.