

EU commission president blames crisis on US Banks

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The opening day of the G20 summit was threatening to deteriorate into a fractious row between eurozone countries and other non-European members of the G20, notably the US, as EU commission president José Manuel Barroso insisted the origins of the eurozone crisis lay in the unorthodox policies of American capitalism.

As Europe's leaders came under intense pressure to act decisively to cure the euro's ills, and a campaign gathered pace to relax some of the austerity programmes laying waste to countries with unsustainable debt levels, Barroso said Europe had not come to the G20 summit in Mexico to receive lessons on how to handle the economy. Asked by a Canadian journalist: "Why should North Americans risk their assets to help Europe?" he replied: "Frankly, we are not here to receive lessons in terms of democracy or in terms of how to handle the economy.

"This crisis was not originated in Europe ... seeing as you mention North America, this crisis originated in North America and much of our financial sector was contaminated by, how can I put it, unorthodox practices, from some sectors of the financial market."

Late on Monday, Antonis Samaras, the Greek election victor, announced he had agreed to build a coalition with the head of the socialist Pasok, Evangelos Venizelos, with aides saying they expected negotiations to be concluded by Tuesday. The moderate Democratic Left party may participate as well.

The European council's president Herman Van Rompuy, speaking alongside Barroso, said a draft G20 communique showed "support and encouragement for the euro area countries and leaders and for the European Union as a whole to overcome this crisis".

"We are not the only ones that are so-called responsible for the current economic problems all over the world," he said.

Germany's chancellor, Angela Merkel, is under pressure to soften her hardline stance on the austerity measures Europe imposed on indebted eurozone members, which the British chancellor George Osborne has claimed has killed economic growth. Barroso said he expected G20 leaders to "speak very clearly in favor of the approach the EU is following."

After the Greek election at the weekend, which may have shifted terms of the debate over how to shore up the euro, world leaders meeting in Mexico focused on the European crisis amid strong signs of big trouble brewing in Spain.

Madrid's 10-year cost of borrowing went through the 7% barrier on the bond markets for the first time in the single currency era, the level at which borrowing becomes unaffordable. The Spanish government demanded intervention from the European Central Bank.