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Frankenstein, the Huguenots and Draghi

Nicolas Machiavelli said, at the end of the Fifteenth Century, when he advised princes and lords who were troubled to maintain, if not to enlarge, their riches, dominions and influence, that they should avoid everything that made them hateful or despised (especially the second) as these qualities will certainly encourage private actions aimed at depriving them of their property. Hateful is who usurp the goods (or honor) of others. Despised is who seems fickle, pusillanimous and irresolute. All these attitudes, then, must be avoided in order to preserve power. In the same way, one should ensure that his actions show greatness, determination and firmness, as well as maintain his opinion irrevocably.

All right. This is the only acceptable thing one can learn if he reads "The Prince" of Machiavelli. The rest of the attitudes and maneuvers proposed, simply, have no waste because of their obscenity and baseness.

Why this introduction? Many ask me today, in the face of the turmoil of plebiscitarian voting in Europe, and who knows whether new referendums, whether it would be better to abandon the ship of the euro and everything around it, in a sensible exercise of learning to expect the unexpected. The answer depends on whether Mario Draghi, as a good Italian, will consider the teachings of his compatriot Machiavelli. If he does, and has implements his advice and indications, I dare to say that it will not be in this legislature (after the multiple elections to celebrate this year) when we see the fatal outcome.

I will tell you in advance that I have the impression that Europe as a unitary concept -and revealed to us under the idea of the Eurozone - runs at an anticlimactic speed towards its due and deserved state of rigor mortis. I do not care the economic figures now show an improvement, or that the employment continues its gradual recovery (although countries like Italy show a glacial evolution), nor that the differential in rates of activity between countries has been homogenized, which a priori could convert the recovery in something self-sustaining. Nor do I just care that there is an apparent global cycle and that the Eurozone participates in it.

It matters much more to me to see that in France the traditional parties have betrayed their principles given the need to choose between them and Brussels. French socialism no longer defends people, and Republicans no longer defend the concept of nation. Both, trapped in the need to keep the house of cards standing, defend the idea of Europe (or Brussels), something that the Le Pen's National Front has been able to capitalize, taking over these principles and placing them as its own motto in its program: People and Nation.

It matters much more to me to see how in Holland, which has been enjoying the highest positions in tolerance rankings, in part due to its long tradition of welcoming people from all over the world, whether the Huguenot protestants of Calvinist doctrine in the seventeenth-century fleeing from the terrible dragons of Louis XIV in France, or the Jews dispossessed of Spain or Eastern Europe, I am concerned to see how this country, whose society is rooted in tolerance, seems now to have reached the conclusion of its link and its commitment to the construction of Europe. I see with concern the rise of people like Geert Wilders, and I am terrified to see movements like the one represented by the Forum for Democracy -backed by the bourgeoisie and the intellectuals- and led by the charismatic Thierry Baudet, who now points out that if the result suggests it, he will negotiate with Wilders.

I am concerned that Austria, the Czech Republic, Hungary and Poland have begun negotiations for a common foreign policy, of course over Brussels, in a fun (not to mention humorous) resurrection trial of the Austro-Hungarian Empire.

I am concerned that the Brexit, and what it represents, will lead the parties to what seems an irremediable collision given the need of both parts to defend their interests.

I am concerned that Germany, as the major beneficiary of an international order that emerged after the IIWW, must now rethink its model in the face of a threat of a change in that order. Something that, by its relevance, could have the ordoliberalists' Germans occupied, and leaving aside the communitarian "trifles". I'm worried to see the reaction of Merkel's CDU to the rise of Schulz's socialism, because Angela is going to have to decide whether to seek those votes that are missing in the center, or to her right. In short, she will have to decide whether to opt for a more cooperative Germany (and a burden-sharing solution), or instead she will opt for a more mercantilist Germany (and a less cooperative solution).

I am concerned about Greece, Italy and its failed political system. In short, I am worried that this European Frankenstein will never stop being it.

Having said this, and returning to Machiavelli, I do not think it is going to be now when we see the fatal outcome. In addition to the recent economic data, which offer a glimmer of hope, Draghi, as a good Italian and skillful strategist, knows for sure the teachings of Machiavelli (I believe that in Goldman Sachs such teachings make up the DNA of its workers). He acknowledged that by giving life to his QE program he committed himself to making it effective in its ultimate objective, which was to achieve a reduction in funding costs for governments and companies in the Eurozone, as well as achieve a convergence between these countries. A contrary scenario would mean that his QE has not worked and that, therefore, he would be an irresolute person. In my belief that Mario wants to avoid at all costs to seem irresolute, I would be inclined to think that he will not hesitate to put the markets back in their place. If it does not, in addition to being irresolute it runs the real risk of appearing fickle and pusillanimous. It is thus very likely that, as in 2012, the ECB technocrats will throw mountains of billions to calm the beast of the market. Otherwise, irresolute, fickle and pusillanimous would be the three qualities that the market would attribute to Mario if he simply contemplates what is happening. Do you actually think that Super Mario wants to be attributed such qualities? I do not.

Kind regards,

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