

THE STAR 20/05/2018 MS. 7

Soros sees new global financial crisis brewing, EU under threat



BRUSSELS: A surging dollar and a capital flight from emerging markets may lead to another "major" financial crisis, investor George Soros (*pic*) said, warning the European Union that it's facing an imminent existential threat.

The "termination" of the nuclear deal with Iran and the "destruction" of the transatlantic alliance between the EU and the US are "bound to have a negative effect on the European economy and cause other dislocations", including a devaluing of emerging-market currencies, Soros said in a speech in Paris.

"We may be heading for another major

financial crisis."

The stark warning from the billionaire money manager comes as Italian bond yields have jumped to multi-year highs and major emerging economies including Turkey and Argentina are struggling to contain the fallout from runaway inflation.

Soros, who has been the object of ire by the government of his native Hungary, saved his gloomiest outlook for the EU.

"Everything that could go wrong has gone wrong," he said, citing the refugee crisis and austerity policies that catapulted populists into power, as well as "territorial disintegration" exemplified by Brexit.

"It is no longer a figure of speech to say that Europe is in existential danger; it is the harsh reality," he said.

Soros' proposed remedy for some of the ills facing Europe is an EU-funded Marshall Plan for Africa, worth €30bil a year, which would ease migratory pressures to the continent.

He also proposed a radical transformation of the EU, including the abandonment of the clause forcing its member states to join the single currency.

"The euro has many unresolved problems and they must not be allowed to destroy the European Union," he said. — Bloomberg