

July 2012

**Ask a trust officer:  
The Eurozone**

DEAR TRUST OFFICER: It seems like we've been hearing about the problems of Greece and other European countries for years and years. Has that situation finally been resolved? Can we be confident that the European economic troubles won't trigger a new recession in the U.S.?—GLOBAL INVESTOR

DEAR GLOBAL: The ink is still drying on the new agreement forging a closer European monetary union and creating a permanent bailout fund. Early market reaction has been positive, but it is much too soon to be certain about the long-term result.

The problem in Europe is economic growth. They don't have enough of it. Unemployment in the 17 European Union countries that use the euro was 11.1% in May, the highest since the currency was introduced in 1999. The figure was up 0.1 percent from April. Youth unemployment was at 22.6%. These trends are not hopeful.

The existing plans for bringing European debt under control and restoring financial stability—higher taxes, coupled with lower government spending—are not traditionally expected to deliver economic stimulus. Tax increases don't usually produce more jobs. Accordingly, many investors are looking at the U.S. as a safe haven for their portfolios.

*Do you have a question concerning wealth management or trusts?* Send your inquiry to [trustofficer@bankname.com].

(July 2012)  
© 2012 M.A. Co. All rights reserved.

.