

# Europe's Refugee Crisis Continues to Deepen

The war cycles continue to ramp-up across the globe. And this latest wave of geopolitical unrest continues to rise at an unsettling pace. Just like my mentor and friend, Larry Edelson, predicted.

Long before Larry passed away early this year, he wrote about these cycles. How they are accelerating and coming together in a way not seen since the late 1800s. And how they are likely to increase in intensity each and every year all the way into late 2020.

Europe almost perfectly embodies everything Larry predicted. It certainly has not escaped the geopolitical problems engulfing the world. Lately, it seems like it's enduring more than its fair share.

The main reason — the European Union's loose policies toward legal immigration. And a new influx of economic and war refugees is being associated with a rising number of deadly terrorist attacks.

Now, I'm not saying that all migrants or refugees are terrorists or that they even have the potential to become one. My point is simply that the EU's immigration policies make it easier for a potential terrorist to cross EU borders by posing as a migrant.

Just last week, Barcelona, Spain, was one of the latest cities to experience a terrorist attack. A van in La Rambla Square mowed down pedestrians, leaving 13 dead and more than 100 injured.

Then in Turku, Finland, migrants seeking asylum stabbed 10 people, killing two. This happened after one of the suspects found out his status had been turned down.

And these are just the most-recent headlines. The European refugee situation is clearly out of control. And will most likely only get worse before it gets better.

Is the European Union's immigration policy destroying its unity? You bet.

Cash-strapped ... and, in many cases, near-bankrupt ... countries in southern Europe are paying a huge price for the EU's loose immigration policies. And this has led to growing conflict throughout Europe.

The South's eastern counterparts (Poland and Hungary) are flat out refusing to take in refugees. The move has sparked hostility among other EU members, with some leaders calling for sanctions against the countries who refuse to open their borders.

Take Italy, for example. The country is the poster child for the looming sovereign-debt crisis. It recently saw a record surge in refugees from North Africa. Italy has accepted nearly 100,000 refugees in the first six months of the year. And I expect that number to rise.

And not surprisingly, Italy has the lowest capacity to absorb migrants among the major EU economies. That's according to a new report published by Goldman Sachs.

From the indicators Goldman uses, Italy appears to be the least economically and socially integrated of all the EU bloc countries. These findings are noteworthy considering both this year's surge in trans-Mediterranean migration to Italy and the country's dire public-finance situation.

And when Italy can no longer handle the load, I expect other cash-strapped EU nations to take the overflow, including Spain and Greece.

And let's not forget about the election next year that could change the landscape once again ...

Italy's migration crisis will be a central issue when the country goes to the polls next May. Italians are growing resentful of how economic hardships have been amplified by the influx of immigrants. All of which could lead to a rise in nationalism.

The bottom line: Italy and other over-indebted EU countries are being pushed to their financial limits. They cannot possibly survive with this burden alone, as money for their own citizens must now be diverted to the refugees. All the while, the fat cats in Brussels refuse any monetary support.

I expect the migration from North Africa and the Middle East into Europe will not

only continue but also to intensify.

This will cause both economic and social harm to the European Union. And over the next few years, I expect the situation to get worse. Indeed, this could be one of the catalysts that ultimately breaks apart the union.

As the European Union becomes engulfed in the migrant crisis, the region's debt problems will come to a head – leading to a terrific buying opportunity for U.S. equities as we will see money flows leave Europe and head across the Atlantic to U.S. shores.

Best wishes,  
David Dutkewych

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