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## Klaus: “When Will Euro Zone Fall?”

Václav Klaus, president of the Czech Republic, has never been too worried about [upsetting his European Union partners](#). He risks doing so again with a piece just written for the libertarian Cato Institute's Center for Global Liberty & Prosperity provocatively entitled "[When Will the Euro Zone Collapse?](#)"

His main conclusions are twofold.

First, the euro zone has failed: It hasn't delivered growth and the economies of member states have not converged. According to European Central Bank, average annual economic growth in the eurozone countries was 3.4% in the 1970s, 2.4% in the 1980s and 2.2% in the 1990s. In the decade of the euro, from 2001 to 2009, it was just 1.1%.

“As a project that promised to be of considerable economic benefit to its members,” he says, “the euro zone has failed.”

His second conclusion is that, despite his provocative title, the euro zone will probably survive. “Of greater interest to non-experts and politicians (rather than economists) is the question of the collapse of the euro zone as an institution,” he says. “To that question, my answer is no, it will not collapse. So much political capital had been invested in the existence of the euro and its role as a ‘cement’ that binds the EU on its way to supra-nationality that in the foreseeable future the eurozone will surely not be abandoned.”

However, the price will be low growth for those inside the euro zone and costs for some, like the Czech Republic, outside. “To summarize, the European monetary union is not at risk of being abolished. The price of maintaining it will, however, continue to grow.”

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