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Klaus Asks 'When Will Euro Zone Fall?'

Article

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By Stephen Fidler

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?](#)"



European Pressphoto Agency

Czech Republic President Vaclav Klaus.

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 euro-zone 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 euro zone 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."

Cato Institute, Václav Klaus

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About Real Time Brussels

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Stephen Fidler is Brussels bureau chief for The Wall Street Journal and Dow Jones Newswires, having previously served as European finance editor in London. For 22 years, Mr. Fidler was an editor at the Financial Times where he was international capital markets editor, Latin America editor, U.S. diplomatic editor in Washington, and defense and security editor. Before that, he was a correspondent for Reuters in London, New York and Bahrain. Born in Boston, England, Mr. Fidler received a bachelor's degree in economics from London University.



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6:16 am June 1, 2010

fernstalbert wrote:

Vaclav Klaus has a clarity that is needed in more politicians. The mess that is Europe/EuroZone, is a creature of economic smoke and mirrors. He is one of the very few to say so and to be heeded. Cheers.

1:57 am June 1, 2010

Ruler4You wrote:

You have to understand that the EU was never going to deliver on those stated commitments. The plan was strictly to tie the shoes of all member nations into one big knot. The first one to trip would bring the entire mess down. If the goal was to "help out" other needy nations money could have been charitably collected and donated via sovereign government bodies. But that wasn't the goal.

6:43 pm May 31, 2010

European wrote:

Americans seem to harbor the delusion that invoking WWII is the magic key that will them every debate.

Newsflash it doesn't work that way.

We are talking about the economic crisis in Europe here. WWII has absolutely no bearings on the discussion and frankly given your attitudes I'm hardly inclined to feel sympathy for you.

Seriously where do those fantasies about Jihadis invading Europe come from ?
 You sound insane and completely disconnected from reality.

I'm' not angry at Yanks at all but you seem to hate Europeans with a vengeance.
 It's your issue to deal with.

6:28 pm May 31, 2010

Robert wrote:

All European does is call people names. And then, to taunt Americans, s/he cites California, the most European-like of states (in political terms).

Call me names too, European, if that makes you feel better. Here in the US on Memorial Day, when we honor our war dead, many of whom dies in wars that the all-too-cultured-and-sophisticated Europeans started, I especially think of my uncle, fallen in Europe in WWII.

Anonymous is angry at Europeans. I don't blame him. And I have a news flash for you: the Yanks are not coming "over there" ever again to save "Old" Europeans from the jihadist or the Russians. Defend yourselves, if you can....

5:41 pm May 31, 2010

European wrote:

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