

# 'Europe in Crisis'

## The CPB on debts and the future of the euro



### General conclusions:

- The Economic and Monetary Union (EMU) was more a political than an economic project at the time of its establishment.
- The internal European market has led to a huge gain in prosperity, particularly in the Netherlands. The gain is one month's salary; and this will increase in the years to come.
- The gain from the introduction of the euro is less clear, approximately one week's salary.
- The cost of breaking up the EMU and the re-introduction of national currencies would be huge.
- The European debt crisis is just as much a banking crisis as a crisis of government debt and, consequently, cannot simply be attributed to the countries on the periphery of Europe.
- The crisis cannot be solved without a rapid recapitalisation of the European banking sector.
- The EMU is performing less well than the US monetary union because in the US the budgets of the individual member states are considerably smaller and those of the federation considerably larger.
- Opposition to restructuring Greek debt at the expense of private creditors is difficult to understand and contrary to the no-bailout clause.
- Although there are good reasons to transfer powers to European institutions, almost no Member State is excited at the prospect.
- For a structural solution of the crisis, it is essential for one regulatory authority and one European rescue fund to be established for European banks.
- In addition, a permanent European emergency fund should ensure that in times of crisis countries can avoid liquidity problems which are not directly their own fault.
- Finally, there should be preventative European supervision of national budgetary policy.
- Currently, the political stalemate looks hopeless. However, given the history of the development of Europe, this crisis could also lead to an institutional breakthrough.

For more information, please refer to the [CPB-website](#).

'Europe in crisis' can be ordered at Publisher Balans ([webshop](#)), and is available from 2011, November 15. Price: € 18,95.