Class 18: The End of the Euro?

Class 18 will have two parts. In part one, the class will discuss the four readings that were assigned to all students. In part two, the class will use discuss whether or not the end of the Euro is likely using as evidence arguments from the articles they used in completing Journal Assignment Four.

Part One Discussion Questions

Why, according to the authors of the four readings, is the existence of the Euro threatened?

What, according to the readings, do high interest rates have to do with the threat to the Euro?

What, according to the readings, does “fiscal austerity” have to do with the threat to the Euro?

What does the Economist mean by “a debt instrument that investor can believe in” and what does such a debt instrument have to do with the threat to the Euro?

What does the New Yorker mean by “fiscal union” and what does fiscal union have to do with the threat to the Euro?

Why, according to the New Yorker, is the threat to the Euro a problem that can be solved by “throwing money at it”?

What does the New Yorker mean by throwing money at the Euro crisis?

How, according to the articles, is the European Central Bank different from the United States Federal Reserve and what does this difference have to do with the threat to the Euro?

Which of the currency union disadvantages described by Martin Feldstein would the authors of the readings point to as a central cause for the Euro crisis?

What does Feldstein think were the most important advantages of the Euro?

What does Feldstein think were the most important disadvantages of the Euro?

What evidence is present in the articles in the New Yorker and Economist that point to one of Feldstein’s disadvantages as being more important than others in the current crisis?

Part Two Discussion Questions

In your view, will the Euro survive the current crisis? Why or why not?

In your view, what changes in policy are essential to the survival of the Euro?