

# What can be done to save the eurozone?

Business



The eurozone consists of 17 out of the 27 European Union member nations. It was originally formed for the purpose of raising the economic strength of all its members, and thereby raising the power of Europe as a whole.

Those who are part of the eurozone share the euro as their common currency, forming a more unified economic system for the 17 countries. At the beginning, the eurozone welcomed weaker nations to join, such as Portugal, Ireland, Greece, and Spain - also known as the PIGS. The theory was that the combined power of the stronger states would boost and strengthen the economies of the weaker ones, turning them into further assets of the eurozone. But instead of strengthening and becoming assets, the PIGS simply dragged down the entire eurozone with their individual crises. If the eurozone is brought to a state of collapse, then the European Union will soon follow, and major world powers such as the UK, Germany, Switzerland, and France will fall with it, leading to a economic crisis of a global scale, which will further destabilize the US economy as well as acerbate the financial difficulties of other struggling countries. These severe consequences leads us to today's question - what can be done to save the eurozone? Three distinct actions can be taken.

First, we must relearn the philosophies of famous British economist John Maynard Keynes. Second, there needs to be major changes in government policies for more unity between the ideals of the populace and that of the government. Finally, the eurozone must look help beyond their borders. The philosophies of Keynes, or, ' Keynesianism', is described by an article in the May/June issue of Foreign Affairs of this year. Countries must learn to put aside surpluses during economic stability and growth, so that they have the

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funds to stimulate the economy during times of deficit and recession. In other words, the eurozone needs to stop austerity measures, and actually spend, in order to create jobs to stimulate their stagnating economy.

According to a recent report by EuroPolitics. info, the unemployment rate in the eurozone holds steady at 9.9%, despite the austerity measures already imposed. Following Keynesianism, this proves that austerity measures are the exact opposite of what countries in an economic crisis needs to implement. The higher taxes, pension cuts, spending cuts, and various other changes will not balance out government revenues and expenditures if there are no jobs for people, and there will actually be a decrease in jobs available if the government continues to cut funding.

It is clear, then, that governments in the eurozone must spend in order to stimulate a stagnating economy, and to furthermore, set aside surpluses when their economies have sufficiently recovered, in order to be able to stave off a future crisis. " We see the responsibility we have to continue to support Greece," Josef Ackermann, chief of Germany's largest bank, recently stated in a press conference. However, recent interviews conducted by PBS show the discontent of the German populace in having to constantly bailout Greece and other struggling eurozone countries, many feeling that it ' wasn't their problem'. This shows a major contradiction between the ideas of the politicians and the ideas of the people, which, if left to simmer long enough, could lead to rebellion and serious unrest. The decision of the Greek Parliament to implement harsh austerity measures despite two straight days of rioting in Athens also exemplifies this divide.

Even in the most recent Lisbon treaty which gave the EU more power over its member nations, only Ireland actually had its people vote on whether or not to accept the treaty, due to doubts in the other countries if they would have the support of their people. Incidentally, the first two times Ireland voted, they voted no. Continued conflicts of interests between the people and their government is a situation headed for trouble. What the EU - which encompasses the eurozone - must start to do is to compromise with the wants of the people, which would gain them more support and popularity, and therefore the ability to implement measures that would help save the eurozone. Xinhua, a local Chinese newspaper, posted that the Chinese government is "sure the eurozone will be able to stabilize its economy." This optimistic outlook certainly goes against the more cynical ones of the world.

It implies quite clearly that the Chinese government would be willing to help the eurozone out of its crisis - otherwise, why so optimistic? However, so far, the eurozone has been depending on its two biggest nations, Germany and France, to shoulder the responsibility of saving the eurozone's weak-links.

This has led to contagion from the PIGS to Germany and France, and from there, to the rest of the eurozone, and then to the rest of the EU. If the eurozone would look beyond its borders for help and support, it would enable Germany and France to securely plant their feet again, re-strengthening the rest of the eurozone. Upon reexamination of today's question: What can be done to save the eurozone, it is clear that first, we must all relearn the philosophies of John Maynard Keynes, second, achieve more political and civilian idealism unity in the European Union, and finally, have the eurozone look beyond its own borders for help. After all, the founding idea of the

eurozone was to benefit its member nations, not to drag them all down into the bog.