

Cold shower for the Euro

By Bob Hancké, LSE

This week, both of the mildly pro-European papers in Britain, the Guardian and the Financial Times, published an important comment on the euro. Both Larry Elliott, the Economics editor of the Guardian ([here](#)), and Wolfgang Münchau of the FT ([here](#), with paywall) raised the spectre of an on-going crisis in the euro-zone. Just when we thought things were finally getting better, these two – usually quite astute – observers of the European economy throw cold water at the single currency. Elliott points out that the European elections, about to take place this week, won't change all that much in the governance structure of the Euro – which has, by any standard we would use, not been stellar. Münchau thinks that the ECB's imminent QE programme will be too late, and therefore too little: deflation could have been avoided with an earlier operation by the ECB, a year ago or so, but now it will struggle to raise the inflation rate to its 2% target. I fear they may be right.

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