PRESS RELEASE

TSCF

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TSCF proposes return to improved European Monetary System

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The economic stimulus plans launched by governments to tackle the so-called “financial crisis” that developed in 2008 and 2009 led to aggravated government deficits and debt in all developed countries. In the euro-zone, governments are now heavily indebted. In most cases, they can fund their debt only through new borrowing. The situation is critical in Greece, Ireland, Portugal, and Spain - while Italy, France and the UK also face record government deficit and debt levels. Default is likely for some of these governments within a few years. TSCF, as it expressed as soon as 1999, does not believe in the future of euro. While the fiction of the euro-zone as optimal currency area could be maintained in the first years, because the world economy was not encountering major problems, it becomes increasingly obvious now that the deep competitiveness differences that separate the European countries make it impossible for the euro to survive, unless employment and growth in Europe are further sacrificed, in particular in those countries that are the less competitive. In these conditions, an orderly return to a renewed, strengthened version of the European Monetary System that was into force before the euro has the preference of TSCF. This system allows negotiating currency adjustments, therefore managing in a flexible way the competitiveness gaps between the different economies without destabilizing the single European market. This would support employment and growth, in particular in those countries that are the less competitive. The euro can be limited to the small number of countries that can support it, or be entirely removed and replaced by the new EMS.