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The Euro, a force all the Euro-Zone ?

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Summary

With[1] an initial exchange rate of 1.1789$ in January 1999[2], the Euro was adopted firstly by 12 countries in 2002. At this time, Yves Thibault, European Commissioner for Monetary Affair, had high expectations: *"The Euro will suppress monetary instability, reduce the costs of companies and guarantee low and stable interest rates. Today nobody would imagine the United States with 50 coins. The Dollar has made this country strong. The Euro will make Europe's voice heard louder all over the world, which will allow it to better defend its interests, which go far beyond purely monetary ones"*[3]. During the 1980's and 1990's, the Euro was a response to the weakness of the European Single Market that was created during a period of weakness in the European economy. Annual growth had averaged only 2.2% from 1973 to 1985 in the 12 countries later concerned by the Euro, much lower than 5.3% between 1960 and 1973. Growth potential had also fallen from about 5% per year at the beginning of the 1970s to around 2% per year by the beginning of the following decade. The typical response of governments to low growth was to increase fiscal deficits. From 1973 to 1985, public deficits in the Euro area averaged 3.5% of GDP, while in Italy the average was 9% of GDP. Unemployment rose from 2.6% in 1973 to 9.2% in 1985 for the 12 countries concerned later by the Eurozone. In Italy, it climbed from 5.9% to 8.2%.

The Euro was real protection within the Single Market; trade growth has increased, with intra-EU exports rising from 13% of EU GDP in 1992 to 20% today. Intra-Euro area trade has risen both in absolute terms and as a share of total trade with advanced economies, even if emerging economies entered into the global market. Foreign direct investment flows within Europe had also grown, with inflows from the

[1] All the web references were checked in March 2020.
[2] Kaarlejärvi Jani. *Fiscal Policy Without a State in EMU?: Germany, the Stability and Growth Pact and Policy Coordination* by p. 107.
[3] *The Euro turns 20 years still in the fight to gain ground to the dollar* in *Spainsnews*.

rest of the EU to Italy increasing by 36% from 1992 to 2010. One other objective in the Eurozone was to avoid devaluing the currency since Italy did it 7 times from 1979 to 1992[4] for the Lira.

Today, the Euro is used by 340 million people[5]; since it was adopted, GDP per capita has multiplied by a factor of three increasing from 17,000$ to 46,000$[6], the labour participation rate is higher than in the US[7] and inflation has the lowest rate for 30 years[8].

With such data in hand, it's easier to understand why 74% of Europeans welcome the Euro whereas only 15% think it's a bad thing for their country[9]. Nonetheless, from 2008 to 2012, the Eurozone was fragile and the single currency risked disappearance. Thereby, former ECB (European Central Bank) President Mario Draghi took drastic measures to save it by declaring: *"Within our mandate, the ECB is ready to do whatever it takes to preserve the Euro. And believe me, it will be enough"*[10]. Thus, nowadays the Macroeconomic imbalance procedure[11], the European Systemic Risk Bank[12], the Single Supervisory Mechanism[13] are used to better protect Europeans against a crisis. These mechanisms are reinforced by the Stability and Growth Pact (which requires a state's budget deficit to not exceed 3% of GDP and national debt cannot surpass 60% of GDP[14]) and the Fiscal Stability

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[4] Draghi, M. *Europe and the Euro 20 years on Speech* by, President of the ECB, at Laurea Honoris Causa in Economics by University of Sant'Anna, Pisa, 15 December 2018.
[5] *How World Events Impact The Euro* in *FXCM*.
[6] *GDP per capita, PPP (current international $) - Euro area* in *World Bank*.
[7] *Labor force participation rate, total (% of total population ages 15-64) (modeled ILO estimate) - Euro area, United States* in *WorldBank,* February 2020.
[8] *Inflation, consumer prices (annual %) - Euro area* in *World Bank,* February 2020.
[9] *Eurobarometer: Support for the Euro steady at all-time high levels,* 20 November 2018 in *European Commission*.
[10] *Verbatim of the remarks made by Mario Dragh*i, President of the European Central Bank at the Global Investment Conference in London, 26 July 2012.
[11] *Macroeconomic imbalance procedure* in *European Commission*.
[12] *ESRB European Systemic Risk Board*.
[13] *Mécanisme de surveillance unique (MSU/SSM)* in *CSSF*.
[14] Liberto, D. *Stability And Growth Pact (SGP)* Updated July 31, 2019 in *Investopedia*.

Treaty[15]. Last but not least, the ECB increased its capabilities in order to hasten its intervention in case of a bailout[16].

Is the Euro a positive thing for all Euro-Zone since the 2008 crisis?
To answer this question, we chose to focus on three European countries that have suffered from the 2008 crisis; as euro members, they do not have the option to devalue their currencies.

The first part deals with Italy. The Italian model and the historical and socioeconomic context of this country, which made it unexpectedly vulnerable to the crisis is analysed. The second part focuses first on Spain to show that the questionable government choices were in part responsible of the economic and financial plunge and secondly on Greece, this sick child of Europe to whom the EU partners have not stretched out a caring hand. In conclusion, the global position of the Euro and the prospect of making it a major currency, which is essential in the future, are discussed.

[15] *Fiscal Stability Treaty* in *Citizens Information*.
[16] *ECB increases its capital* 16 December 2010 in *ECB*.

I. Italy challenged by the Euro

The Italian model: the continuing instability

With Greece[17], Italy is one of the fewer countries being poorer after adhering to the Euro[18] with a lower GDP per capita[19]. Yet it remains the second biggest European industrial powers, outperformed only by Germany[20]. Nonetheless, this should not make us forget Italy's tumultuous past during the Cold War and its terror period with the Red Brigades[21]. Even later, it could be considered rather as an unstable country; indeed, Italy had during the 1990s 6 PMs in 10 years[22]. In this period, the Italian Communist Party was the largest one in Western Europe with 1.7 million members[23]. However, important propaganda was developed against this party to block it to access to the Roma office of mayor. As a matter of fact, posters of the Christian Democrat Party, to pick up all the votes rejecting communism, were deployed with strong anti-Soviet rhetoric: "*Mother! Save your children from Bolshevism! Vote Christian Democracy"* claims one of this banner[24]. The Christian Democrat Party was one of the most important ruling party led by Giulio Andreotti who became PM 7 times[25] : *"Power wears out those who don't have it"* he stated[26]. During the 1980's, the Italian economy relied heavily on inflation flooding the markets with low added manufactured goods. It means that Italians copied some production at an industrial level. Thus, while in the US, film industry

[17] *Greece Poverty Rate 2003-2020* in *Macrotrends.*
[18] *Italy Poverty Rate 2003-2020* in *Macrotrends.*
[19] *Italy GDP per capita PPP* in *Tradingeconomics.*
[20] Boffey, D. *EU could fine Italy £3bn for breaking spending and borrowing rules in Brussels and* Angela Giuffrida *in Rome* Wed 5 Jun 2019 15.42 BST in *The Guardian.*
[21] *On This Day: Aldo Moro Kidnapped by the Italian Red Brigades* March 16, 2012 06:00 AM by *Finding Dulcinea.*
[22] Tomoaki, I. *Why Do Japan and Italy Change Prime Ministers So Often?,* September 6, 2013 in *Nippon.*
[23] Communism Italian style By Alvin Shuster May 9, 1976 in *The New York Times.*
[24] *La propaganda anticomunista in Europa : gli esempi della Francia e della Germania dell'Ovest* p. 1 in *Emilangues* February 2020.
[25] *Obituary: Giulio Andreotti, seven times Italian PM,* 6 May 2013 in *BBC.*
[26] *Giulio Andreotti Quotes* in *Brainyquotes,* February 2020.

developed mainly with Western movies where some stars such as John Wayne are born, Italy developed "*spaghetti Western*" made on low budgets, starring Clint Eastwood and directed by Sergio Leone. It was the same story for music. Sabrina Salerno, better known as "*Sabrina"* copied the disco style of Donna Summer with some success, in cheaper studios. These phenomenons were possible since the Central Bank could devalue the Lira, which rendered Italy wealthier than the UK and France in the 1990s[27]. As a matter of fact, in 1980 1 Deutsche Mark was worth 400 Italian Lira while 15 years later 1 Deutsche Mark was worth 1300 Italian Lira which means that innovation is becoming more and more expansive[28] for Italy. Moreover, while the German model relied on the Mittelstand, German small and medium-sized enterprises, capable of innovating, the Italian economy depended on rather illegal activities. *"[...] When Italy started taking account of its shadow economy, the off-the-books business which makes up about a fifth of Italian GDP. As a result, the economy grew by 18% overnight [...]"*[29]. In the XXIst century, Italy faced new challenges. For instance, China joined the WTO in 2001[30] at the same time where Roma adopted the Euro[31]. The first point means that China, that had lower wages than Italy, began producing the same goods than Italy. The second point means that Italy cannot devalue its currency anymore, making the competition against European behemoth such as Germany even more difficult. In fact, FIAT one of the most important Italian car company, sold 1,339,953 vehicles in 1990 in the European market whereas today the number lowered at 630,549 in 2019[32]. During the same period, BMW, a German company maintained its market shares[33] and reinforced its presence in emerging economies such as China[34]. Finally

[27] *GDP per capita (current US$) - Italy, France, United Kingdom* in *WorldBank.*
[28] Demertzis, M. Efstahiou, K. Matera, F. *The Italian Lira: the exchange rate and employment in the Erm.* January 13, 2017 in *Bruegel,* February 2020.
[29] *Sex, drugs and GDP* May 31st 2014 in *The Economist*.
[30] *China joins the WTO - at last* in *BBC* Tuesday, 11 December, 2001.
[31] *Italy and the Euro* in *European Commission*.
[32] *Fiat* in *Cars Sales base*.
[33] *BMW* in *Cars sales base.*
[34] *BMW renforce sa présence en Chine l'Opinion* 11 octobre 2018.

yet importantly, having 3 million civil servants[35] who need to be paid while having a stagnating economy ranks Italy the 4th worldwide in term of debt[36] becoming Europe's next problem[37].

Italy, on the way to a new Euro Crisis?

"The only reason Italy isn't already rated junk is because the rating agencies assume the ECB will step in to prevent a default. In that sense, Italian bonds are actually German bonds" claimed John Rubino, economist[38]. Italy has low competitiveness, only 20% of the students have a degree which is the lowest EU percentage[39] and the country can't devalue its currency, because it's belonging to the Eurozone. Yet, in 2020, Italy remains the eighth economy of the world[40], the 4th in Europe but has a debt that concentrates 134.8% of its GDP[41] and its debt stock is up to 2.7 trillion Euros[42]. Moreover, the gross domestic debt is expected to become higher[43], unemployment reaches 9.9%[44] and the youth unemployment rate is at 28.7%[45]. Furthermore, even if ECB bought 20% of the Italian bond market[46], it states its bond-buying program will end soon[47]; in the same time, Italy challenged Brussels by rising its deficit up to 2.4% of its GDP[48], which could exacerbate the crisis. Indeed, the Italian 10-year yield-bond will have an interest rate higher than planned[49], which means that Italy will have to reimburse

[35] *Women Leaders Index Gender Equality Case Study: Italy* By Tania Mason on 05/09/2017 in *Global Government Forum*.
[36] *Lynn, M. It won't be long before France overtakes Italy as the world's fourth most indebted country,* 29 March 2019.
[37] Giugliano, F. *Italy Is Europe's Next Big Problem,* 2 may 2017 in *Bloomberg*.
[38] Rubino, J., Italy Calls Europe's Bluff — And The Euro Loses Either Way. September 2018.
[39] Where are all the graduates? Italy has second lowest percentage in the EU. April 2017.
[40] Silver, C., The Top 20 Economies in the World, March 2020.
[41] Dette publique en pourcentage du PIB *Eurostat,* 23.10.19.
[42] *The Euro's $2.7 Trillion Italy Problem* By Ferdinando Giugliano 4 avril 2019 à 06:01 UTC+2 *Bloomberg*.
[43] First quarter of 2018 compared with fourth quarter of 2017 Government debt slightly up to 86.8% of GDP in euro area Down to 81.5% of GDP in EU28 122/2018 - 20 July 2018 *Eurostat*.
[44] Italy Unemployment Rate1983-2020 Data | 2021-2022.
[45] *Ibid.*
[46] Ranasinghe,D., Piovaccari G.,Italy needs to woo private bond buyers as ECB bows out.
[47] Amaro, S. ECB says its massive bond-buying program will likely end in December, June 2018.
[48] Italia desafía a la Unión Europea y sube el déficit al 2,4% del PIB, September 2018.
[49] Oh., S. Italian bonds take a beating on expected 'tail risk' from populist government May 10, 2018.

up to 600 million Euros[50], as the growth rate is close to zero[51] and Italian banks too fragile to handle a new crisis[52]. As Italy struggles with the crisis, Spain and Greece are also dealing with heavy problems in order to lower the consequences of the 2008 financial crash.

II. Spain and Greece: the same, yet different

Spain: contestable choices

In 1999, the Euro was introduced as the official currency in 12 countries (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain). These countries had the same interest rates to avoid bank failures in a common system of bank loans; they had to respect the Stability and Growth Pact. In 2008, when the crisis occurred, it affected badly Spain. In the Euro area, to measure the default risk of a country, the so-called "RISK PREMIUM", known to have the trust of investors' risk, compares the solvency of the country's Eurobond with that of Germany. As such, at the beginning of the crisis, the Spanish bonds were around 50 points while in 2013 they were more than 6 times higher[53] with a high risk of contagion. Likewise, the deficit reached 10% in 2012[54]. To face the crisis, the newly elected Spanish leader, former PM Mariano Rajoy promised: "*We're going to lower taxes. It's what differentiates us from the others who want to increase it*"[55]. Nonetheless, he increased taxes[56] and implemented more regulations to protect taxis, a related corporation to his party[57], which triggered credit

[50] Italy readies 'web tax' in its 2020 budget, October 2019.
[51] Italy GDP Growth Rate.
[52] Giugliano, F., Italy's Banks Stumble Into a New Crisis. The country's lenders are stronger and better capitalized than in the past, but funding costs are increasing and bad loans are still a big problem, 10 octobre 2018.
[53] Spain Risk Premium.
[54] Spain, Greece and Ireland had the highest budget deficits in the EU in 2012 By Finfacts Team, October 21, 2013.
[55] Rajoy: Vamos a bajar los impuestos, es lo que no diferencia lo además, June 2016.
[56] Davies, N., Spanish economy in "huge crisis" after credit downgrade Business News, April 27, 2012.
[57] Niblett., M., When regulation goes wrong: ride hailing in Spain, 14 August, 2019.

downgrade from investors[58] and the Spain request to ECB to bail out its banks on the verge of bankruptcy[59]. In 2012, former ECB President Mario Draghi declared: *"Within our mandate, the ECB is ready to do whatever it takes to preserve the Euro. And believe me, it will be enough"*[60]. As such, the ECB promised to buy weak Italian and Spanish bonds in return Spain should comply with ECB directives of lowering taxes. Nonetheless, despite public debt that jumped above 100%[61], former PM Mariano Rajoy decided to increase taxes. By doing that, he denied his promise to do the opposite[62]. Indeed, Spanish bonds point decreased because investors trusted the ECB to save the 4th largest economy in the EU "too big to fail"[63]. *"Spain has gotten over the crisis in record time"* stated former PM Mariano Rajoy[64]. Yet, a coalition led by Spanish leader Pedro Sanchez, overthrew him after corruption scandals accusations. *"It was an honour to leave this country in a better shape than I found it"* PM Mariano Rajoy said in the aftermath of this event[65]. Yet, Spain has still the second-highest unemployment rate in the Eurozone[66] with a peak of 26% in 2013[67] and it grew slower than Ireland[68], which had the same deficit crisis[69]. As for Greece, despite a slow recovery, numerous challenges await Athens.

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[58] *Ibid (52).*

[59] Minder., R., Kulish., N., Geitner., P. Spain to Accept Rescue From Europe for Its Ailing Banks, June 9, 2012.

[60] Speech by Mario Draghi, President of the European Central Bank at the Global Investment Conference in London, 26 July 2012.

[61] Spanish public debt jumps above 100 percent of GDP in June Bonds News, August 17, 2016.

[62] Diez., J.C., Rajoy vuelve a subir los impuestos ; En 2017 el nuevo Gobierno tendrá que recortar al menos 15.000 millones el déficit, 14 July 2016.

[63] Spain's economic freedom score. Index of freedom.

[64] Rajoy: "España ha superado la crisis en tiempo récord" El presidente da por terminada "la peor crisis que hemos conocido" sin dejar a "nadie al borde del camino", 26.10.2015, La opinión de Murcia.

[65] Ha sido un honor dejar una España mejor de la que encontré": Mariano Rajoy
Quien se desempeñó como jefe del Gobierno durante seis años y medio aceptó "como demócrata" el resultado de la moción de censura, 1 June 2018.

[66] Plecher., H. Unemployment rate in EU countries January 2020, March 25, 2020.

[67] International Labour Organization. Unemployment, total (% of total labor force) (national estimate) - Spain, ILOSTAT database. Data retrieved in December 2019.

[68] GDP growth (annual %) - Spain,World Bank national accounts data, and OECD National Accounts data files (1961-2018).

[69] Finfacts Team. Spain, Greece and Ireland had the highest budget deficits in the EU in 2012 October 21, 2013.

The post-financial crisis of Greece and its economic prospects

Greece seems to have always been in a tumultuous financial history, it defaulted 5 times since its independence in 1822, the last time was in 1932, following the financial crisis of 1929[70]. This dependence towards credit originates in the independence period where Greece asked Great Britain to borrow money but has not been able to meet its debt payments. Greece received foreign loans, whose terms were not always advantageous; but it failed to repay debts and ended up declaring bankruptcy. The precondition for debt restructuring or waiving from foreign creditors is always the same: applying austerity measures such as reducing government spending, imposing new taxes, which ultimately resulted in financial stabilization and readmission to international credit markets. Quickly, investments and loans started flowing again, foreign lenders were eager to provide funds to Greece; but this resulted, as usual to unsustainable levels of debt. This, combined with domestic problems such as government overspending and corruption, led to another debt crisis, which restarted the cycle[71]. In 1898, a significant event forced the International Financial Control Committee, to monitor the Greek debt, setting a precedent for what happened later when the EU played also this role[72]. During the Cold War, the debt of Greece was at 9.7%, the lowest one recorded in 1960's, when former PM Konstantinos Karamanlis of the New Democracy Party, a liberal-conservative party, ruled the country[73]. Likewise, its GDP growth rate was higher than that of Germany and Japan roughly from 1961 to 1978[74]. From this point until the 1990's, the debt grew from 20% to 25%. Despite the manipulation of its assets, Greece could implement the Euro from 1999 to 2002. However, in 2005, it had to ask the help of the EU Commission to better monitoring their

[70] *Greece's History of Loans Since 1824* By Ioanna Zikakou -August 11, 2015 in *Greek Reporter*.
[71] *The Post Financial Crisis of Greece and it's economic prospects KJ Vids,* 23rd January 2019.
[72] *The Greek debt crisis of 1898* in *Joint Centre of History and Economics* Luca Einaudi.
[73] *DEBT % of GDP* in *IMF*.
[74] *GDP growth (annual %) - Greece, Germany, Japan* in *World Bank*.

expenditure[75]. In 2008, the US refused to bailout the Lehman Brothers bank, which resulted in a crisis in the integrative European model. For Greece, the so-called *Troika* composed by the European Commission, the European Central Bank and the International Monetary Fund imposed harsh measures. It expressed notably in a drastic reduction of government spending since Greece had near 100% ratio debt to GDP[76], accounting roughly for $413 billion of debt[77]. Even if Greece represents a small part of the Eurozone, Germany refused to implement expansive monetary policies, preferring austerity measures to protect its banks and the stakeholders. For this reason, initially, Germany insisted on strict supervision, which would have meant making private creditors withstand the costs of restructuring the Greek debt. However, Germany's stance greatly undermined the market's trust by creating fears among investors, which further worsened the situation for Greece and the EU[78]. In this period, outbursts and anti-EU or anti-German sentiments were common and the debates reopened about German reimbursements of Greece, in damages for the Nazi occupation of the country in World War Two. In the 1950s, the US had convinced Greece to renounce in part to the German payments as an anti-Soviet policy to safeguard German finances against the consequences of potential expansion and annexation of Berlin. Indeed, Germany paid Greece only the sum of 115 million Deutschmarks in 1960 to apologise for Nazi-era crimes[79]; 400 million marks loan that the Germans forced Greece to concede during the occupation was not included in the reparations, but today Berlin refuses to discuss the issue. Converting this amount to today's dollars is very complex. However, considering that in 1941, one dollar was worth 2.5 Reichsmark and accounting the changes in purchasing power of the USD, a rough estimate suggests that in 2017 the loan would have been worth 16.6 billion dollars. Yet,

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[75] *Greece: financial corrections* Brussels, 7 June 2005 in *European Commission.*
[76] *DEBT % of GDP* in *IMF*.
[77] *Greece Debt Clock - Why Generous Social Security Means Debt Keeps Rising* in *Commodity*.
[78] *Ibid 75.*
[79] Greek parliament calls on Germany to pay WW2 reparations Renee Maltezou, George Georgiopoulos.

in 2011, the *Troika* granted Greece to cancel $100 billion as part of bailout programs[80]. Nowadays, former PM Alexis Tsipras stepped down from power[81] due to its poor management of the crisis consequences as well as for not having respected his people decision; indeed in the 2015 referendum, Athens voted to refuse the loaners demands[82]. During former Greek PM Alexis Tsipras mandate, unemployment[83] and poverty[84] rate rose and GDP shrunk[85]. Nonetheless, forecasts for Greece prove it has capabilities to recover, notably with its cheap salaries making the country more competitive. Furthermore, its geographical proximity to the Suez Canal is a gateway for Asian country that are interested in Greece; it is the case of China wishing to integrate Greece in its "One Belt One Road Project" or to acquire the Pearus Port by COSCO, a Chinese company, becoming the most important shareholder[86]. As Greece can become a Mediterranean hub, Russia also has interests in the country since it's a crossroad pipeline: its Trans-Anatolian Pipeline (TANAP) is scheduled to connect on Greek soil with the Trans-Adriatic Pipeline (TAP) to reach Western Europe. Furthermore, exploration in Eastern-Mediterranean for oil might ensure its energy independence but sparkles tensions with Turkey located in the same region[87]. Yet, since the relationship between Ankara and Washington deteriorated[88], Greece may be taking advantage of the situation, becoming closer to the US that can ensure its protection against its Turkish neighbour.

[80] *The POST-FINANCIAL CRISIS of GREECE and it's economic prospects KJ Vids* 23rd January 2019 February 2020.
[81] *Greek Elections: Prime Minister Loses Re-Election to Center Right* By Matina Stevis-Gridneff July 7, 2019 in *The New York Times.*
[82] *Référendum grec : le non l'emporte à 61,31%, Tsipras veut renégocier la dette*, 5 juillet 2015, *Le Parisien.*
[83] *Unemployment, total (% of total labor force) (national estimate) - Greece* in *World Bank,* February 2020.
[84] *Greece Poverty Rate 2003-2020* in *Macrotrends,* February 2020.
[85] *GDP (current US$) - Greece* in *World Bank,* February 2020.
[86] *Shareholders* in *OLP,* February 2020.
[87]*Ibid 75.*
[88] *In my great and unmatched wisdom': Trump makes modest claim about his intellect* Poppy Noor_Mon 7 Oct 2019 21.57 BST Last modified on Wed 9 Oct 2019 10.39 BST in *The Guardian.*

Conclusion

It is common to see the Euro's criticisms every day complaining about it. For instance, Larry Elliott, *The Guardian*'s journalist wrote, "*The best thing Germany could do for Europe is quit the single currency – but it won't"*[89]. Likewise, philanthropist billionaire George Soros claimed: *"The Euro is a patently flawed construct and its architects knew it at the time of its creation[...]"*[90]. Nonetheless the Euro is the second most used reserve currency and constitutes 20% of global foreign exchange reserves at the end of 2018, compared with 22% in 2007 and 19% in 1999[91]. Before the EU, in the Common Market, the trade area between the States, countries had different currencies and some of them could be devalued. It means that in the case of a financial loan between countries, the value of the loan could be reduced because of a possible devaluation of the currency. To avoid such events, the so-called *snake in the tunnel* policy was created to regulate fluctuation rates in case of devaluation[92]. As it didn't work, the Treaty of Maastricht, signed in 1992, decided to create a single currency with no exchange rates nor fluctuation for any reason whatsoever. Yet, the critics of this idea took a stand against that as proven by this statement of former Nobel Prize of Economy Milton Friedman: *"[...] Europe exemplifies a situation unfavourable to a common currency. It is composed of separate nations, speaking different languages, with different customs, and having citizens feeling far greater loyalty and attachment to their own country than to a common market or to the idea of Europe"*[93]. Indeed, during the 2008 crisis the idea of creating two types of Euros was born: a strong one in Northern countries

[89] Elliott, L. *The best thing Germany could do for Europe is quit the single currency – but it won't* in *The Guardian* Wed 6 June 2018.

[90] Soros, G. *The Euro crisis could lead to the destruction of the European Union* in *ECFR* by 23rd June, 2010.

[91] Chițu, L. Gomes, J and Pauli, R *Trends in central banks' foreign currency reserves and the case of the ECB* Prepared by Published as part of the *ECB Economic Bulletin, Issue 7/2019*.

[92] *The European currency snake* in *CVCE*.

[93] Milton Friedman, *"Why Europe Can't Afford the Euro," The Times*, November 19, 1997.

economically robust, solid and a weaker one for Southern countries with the possibility to devalue it at will. Hence, this proposition was made to avoid banks to have heavy losses with poorer countries such as Greece as suggested by former German Finance Minister Wolfgang Schäuble[94].

Nowadays, the trade war led by President Donald Trump could help the Euro to become a leading currency. Indeed, now fewer dollars are circulating through the economy because fewer goods are bought by the US. The Money Supply M2 of the Euro is almost similar to that of the dollar, which means that the Euro Area could print an important amount of currency to use for trade[95]. This could be reinforced since 340 million[96] Europeans use it, Poland might also adopt this currency at some point[97] and 150 million CFA Franc users in Africa can be considered as Euro-users as this currency is linked to the Euro[98]. It is the same case for the yuan or Renminbi, which could also be a challenger to replace the dollar but this currency is less used since it's harder to find. Indeed, recently President Xi Jinping, fearing Chinese billionaires to flee the country demanded the Chinese Central Bank to put US $15,000 annual personal cap on overseas bank card withdrawals[99].

[94] Inman, P and Smith, H. *Banks must take bigger losses on Greek loans, says German finance minister* in Athens Sun 16 Oct 2011 20.00 BST in *The Guardian*.
[95] *Euro Area Money Supply M2* in *Trading economics*.
[96] *How World Events Impact The Euro* in *FXCM*.
[97] *Kafka Desk Poland rejects Euro adoption ahead of EU elections,* 14 April 2019.
[98] *West Africa renames CFA franc but keeps it pegged to Euro* Ange Aboa in *Reuters,* December 21, 2019.
[99] Leng, S. *China puts US$15,000 annual personal cap on overseas bank card withdrawals* Published: 6:45pm, 30 Dec, 2017 in *SCMP,* February 2020.