

# CSFI

## CENTRE FOR THE STUDY OF FINANCIAL INNOVATION

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**“The Crash of 2003”: A round-table discussion on the CSFI’s 1996 paper, with the author David Lascelles, Ruth Lea (Global Vision), Mats Persson (Open Europe) and Lord Haskins. To be held on Thursday, April 22, 2010, from 12:30-2:15pm.**

At the end of 1996 - i.e. after the Madrid Summit, but before the base year for seeing which potential members met the criteria for Economic and Monetary Union - the CSFI published what it called an “EMU fairy tale”.

“*The Crash of 2003*” was written in the form of a pastiche report by a Government Commission, chaired by the (entirely fictional) Lord Moorgate. In fact, the author was the CSFI’s own dyed-in-the-wool eurorealist David Lascelles (though I confess to having had a hand in the mix as well). It purported to tell how EMU, launched on a tide of optimism, collapsed in 2003 primarily because of:

- growing strains between Germany’s hard-line interpretation of the Maastricht criteria (defined as “Germany first”), and France’s more flexible view,
- weak economic growth and high unemployment in the eurozone,
- fears that French pressure might force Germany to abandon its support for a strong euro, which caused panic in the market; and
- the constitutional problems associated with bailing out weaker eurozone members.

Well, we got the timing wrong. And we probably underestimated the political will behind EMU. We also never thought that Greece would get in in the first place (in fact, we barely had the Greeks in the “pre-in” waiting room). But we did get the North-South split; we did get the growing unwillingness of Germany to compromise. And we did spot the constitutional problems associated with the attempt to make the eurozone a sort of “roach hotel” (they check in, but they don’t check out).

We are going to reprint a few copies of the original report, and David Lascelles will walk us through where he thinks he got it right/wrong. In addition:

- Ruth Lea - now a director of Global Vision and economic adviser to the Arbuthnot Group - will offer her, deeply acerbic, thoughts on Europe;
- Mats Persson – Director of Open Europe - will offer a Nordic perspective committed to European reform; and
- Lord Haskins – a member of the advisory board for the Centre for European Reform - will offer his staunchly pro-European views.

I am sure we will have lots of euro-fanatics as well, keen to slag off David for rampant europhobia. It should make for a lively discussion - and I hope you can join us. If you can (or if you would like to send someone along), would you please let us know as soon as possible by emailing [sophie@csfi.org.uk](mailto:sophie@csfi.org.uk) or by telephoning 020 7493 0173. As usual, wine and sandwiches will be provided.

Sincerely yours,

Andrew Hilton  
Director, CSFI