



CFAA Event Note 6/28/2012

“The Euro: An Uphill Struggle for Survival”

On June 28, 2012, Chinese Finance Association of America (CFAA) and all in attendance gained valuable insight to the struggles the Euro has placed on its participating members. The guest speaker for the evening was Deputy Chief Economist and Managing Director of Mesirow Financial, Adolfo Laurenti. Mr. Laurenti is a leading expert in European economics and graciously shared his views on the history and cause of the European debt crisis, as well as the possible future for the Euro to all in attendance.



The debt problems that are currently facing Greece and Spain have caused a massive debate across the globe as to whether or not these countries will be able to recover from this crisis and how it will affect the rest of Europe as a whole. Mr. Laurenti emphasized two main topics during his discussion that focused on the causes of Greece's debt problems and the different approaches that could be taken which will either hurt the Euro or solve the issue. There is, without a doubt, no reason to believe the Euro will fail even with its current state. However, this is not necessarily the fall of individual countries which will place a devastating impact on the Euro. One factor that Mr. Laurenti proposed that increased the effect of Greece's debt crisis was the role of the consumer. The panic and fear that drives investors and savers may actually back up the collapse of the Eurozone and the banks of Greece and Spain which have been driving a formal agreement between the European leaders.

So what is a possible solution for Greece? According to Mr. Laurenti, there is no chance that Greece will leave the Eurozone. If this were the case, Greece would resort back to the drachma and cause the country to pay off its counter parties 40% more in order to pay in Euros, while also forcing them into complete isolation from the other markets. It is not the economy or the European Central Bank that are hindering the progress nor is it a



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structural problem, it is all political. The diverse nature of the Eurozone and the politics of each country set what is right for their country. “The Euro was a political creature,” Laurenti says, “The problem is not knowing what to do, the problem is finding out the political geography to make it all happen.”



Solving this issue will come down to a few European countries -- Germany, France, and the Netherlands. Germany stands to have the biggest aid towards improving the Euro. However, without specific reforms in mind, it would be unrealistic to expect the Germans to commit significant funds before any significant decisions have been proposed.

What next? As Mr. Laurenti puts it, “A heavily dysfunctional system with a common currency and nothing really else in common. The Euro will survive but the progress will be painfully slow and there will be resistance about controlling the money. There will be lots of pushbacks by the Germans in order to try and figure out something.” Although his views may not be consensus driven, Aldofo Laurenti continues to be in demand by the financial press for his expertise on the European economies and his views on the survival of the Euro. His presentation was very insightful for all in attendance.

About CFAA

Chinese Finance Association of America (CFAA) is an independent not-for-profit, non-partisan organization committed to promoting educational and cultural exchange among finance professionals between the United States and Greater China through facilitating communication and the exchange of ideas in the financial industry. Incorporated and headquartered in Chicago, Illinois, CFAA is aimed to serve Chinese finance professionals and others who are interested in the financial industry of Greater China. Please visit our website www.ChineseFinanceAssociation.org for more information about CFAA. To become a CFAA member, or to renew your CFAA membership and make your membership payment, please go to the [membership section](#) on our website. If you are interested in the volunteering opportunities at CFAA, please submit the [volunteer and staff application form](#). For global career opportunities in finance, please visit our newly launched [Online Job Center](#) through our partnership with one of the leading global career placement companies eFinancialCareers.com.a