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Some EMU states 'should be allowed to default'

London, 8 September 2010

Some weaker euro members should be allowed to default in extreme circumstances, as a way of preserving economic policy discipline. That is the view outlined in the September OMFIF Bulletin by Prof. Niels Thygesen, Professor of Economics at Copenhagen University, one of the 'wise men' who helped prepare for monetary union in the 1989-90 Delors committee.

In the September Bulletin, OMFIF announces nine new members have joined its now 41-strong Advisory Board. Among other highlights of the latest issue:

- Julia Leung, Hong Kong Under-Secretary for Financial Services and Treasury, explains latest moves in China's renminbi internationalisation
- Prof. Harold James of Princeton University dwells on uncanny resemblances between past and present monetary crises
- Darrell Delamaide, US Editor, outlines a worrying vacuum in American policy-making as US growth slows and fears rise of a new recession
- Stefan Bielmeier, Chief Economist at DZ Bank, says German wage growth will stay restrained in spite of Germany's speedy recovery
- David Owen, former UK Foreign Secretary, says a German euro court ruling could open the way for redrawing UK-European links
- Rakesh Mohan, former Deputy Governor of the Reserve Bank of India, says the West should learn from Indian macro-prudential policies
- John Plender, Financial Times commentator, proposes 10 world reforms ranging from modifying pensions to liberalising capital flows
- Jonathan Fenby, China Editor, describes how Sino-American tensions are still simmering as China issues a further statement on the dollar
- Malan Rietveld, Chief Economist, outlines a new classification for sovereign funds that better describes their purposes and functions
- Stewart Fleming, European Editor, analyses the new European stabilisation facility set up to rescue the single currency
- Meghnad Desai, Chairman of the Advisory Board, says inflation is the main problem in the still-booming Indian economy
- Igor Luksic, Finance Minister of Montenegro, puts forward a more optimistic view of the euro

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