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WHAT IS THE EUROPEAN DEBT CRISIS ?

HU03-001-G_03

Geopolitics of Europe in a changing world



SUMMARY

I. Stability and
Growth pact

II. Subprime
Crisis

III. The effect of
the Covid-19
crisis



**Do you know when the
subprime crisis took place ?**

A) 2008

B) 2018

C) 1998

D) 2001

CRISIS TIMELINE

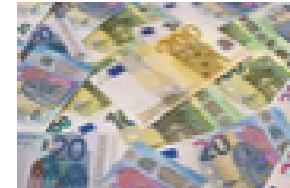
1929

Wall Street
Crash



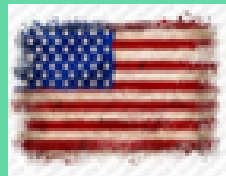
2007

First failure of
the banks



2020

The Covid-19 crisis
put states in debt



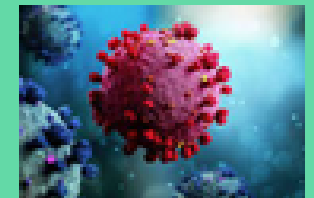
1997

Stability Pact
Creation



2008

The states are injecting
a lot of money to save
the banks



THE STABILITY AND GROWTH PACT

→ It was created in 1997

→ It is to avoid the appearance of excessive public debts

→ 2 types of dispositions :
- Excessive deficit procedure
- Multilateral monitor

→ It designates a set of criteria that all of the area are obliged to respect

→ EU members states agree to strenghten the monitoring and coordination of national fiscal and economic policies

→ In 1992, to control inflation, the annual public deficit cannot exceed 3% of GDP

What is the maximum that the public debt can reach ?

A) 50%

B) 60%

C) 70%

D) 75%



SUBPRIME CRISIS

- What is Subprime Crisis ?
- Banks lend a lot of money to investors
- People have invested heavily in real estate
- This was a crisis in USA and has translated all over the world
- From 2007, banks begin to go bankrupt
- In 2008, the states are injecting a lot of money to save their banks



EUROPE
*AFTER THE
COVID CRISIS*

**The
safeguard
clause**

**Suspension of
the stability
pact**



Who has the biggest public debt among these countries?

- A) Poland**
- B) Romania**
- C) Austria**
- D) Greece**

The background of the slide is a grayscale image of numerous US dollar bills scattered across the surface. The bills are of various denominations, including \$100, \$50, and \$20 bills, and are oriented in different directions, creating a sense of abundance and financial activity.

DISCUSSION

**What type of solutions can
be put in place to save
countries from debt ?**

THANKS!

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