Adapted from http://en.wikipedia.org/wiki/European_debt_crisis

Speculation about the break-up of the eurozone[

Economists, mostly from outside Europe and associated with Modern Monetary Theory and other post-Keynesian schools, condemned the design of the euro currency system from the beginning because it ceded national monetary and economic sovereignty but lacked a central fiscal authority. When faced with economic problems, they maintained, "Without such an institution, EMU would prevent effective action by individual countries and put nothing in its place." US economist Martin Feldstein went so far to call the euro "an experiment that failed". Some non-Keynesian economists, such as Luca A. Ricci of the IMF, contend that the eurozone does not fulfil the necessary criteria for an optimum currency area, though it is moving in that direction.

As the debt crisis expanded beyond Greece, these economists continued to advocate, albeit more forcefully, the disbandment of the eurozone. If this was not immediately feasible, they recommended that Greece and the other debtor nations unilaterally leave the eurozone, default on their debts, regain their fiscal sovereignty, and re-adopt national currencies.

Iceland, not part of the EU, is regarded as one of Europe's recovery success stories. It defaulted on its debt and drastically devalued its currency, which has effectively reduced wages by 50% making exports more competitive

The Wall Street Journal conjectured as well that Germany could return to the Deutsche Mark, or create another currency union with the Netherlands, Austria, Finland, Luxembourg and other European countries such as Denmark, Norway, Sweden, Switzerland and the Baltics. A monetary union of these countries with current account surpluses would create the world's largest creditor bloc, bigger than China or Japan. *The Wall Street Journal* added that without the German-led bloc, a residual euro would have the flexibility to keep interest rates low and engage in quantitative easing or fiscal stimulus in support of a job-targeting economic policy instead of inflation-targeting in the current configuration.

There is opposition in this view. The national exits are expected to be an expensive proposition. The breakdown of the currency would lead to insolvency of several euro zone countries, a breakdown in intrazone payments. According to Steven Erlanger from *The New York Times*, a "Greek departure is likely to be seen as the beginning of the end for the whole euro zone project, a major accomplishment, whatever its faults, in the postwar construction of a Europe "whole and at peace." Likewise, the two big leaders of the eurozone, German Chancellor Angela Merkel and former French president Nicolas Sarkozy, have said on numerous occasions that they would not allow the eurozone to disintegrate and have linked the survival of the Euro with that of the entire European Union. In September 2011, EU commissioner Joaquín Almunia shared this view, saying that expelling weaker countries from the euro was not an option: "Those who think that this hypothesis is possible just do not understand our process of integration". The former ECB president Jean-Claude Trichet also denounced the possibility of a return of the Deutsche Mark.

The challenges to the speculation about the break-up or salvage of the eurozone is rooted in its innate nature that the break-up or salvage of eurozone is not only an economic decision but also a critical political decision followed by complicated ramifications that "If Berlin pays the bills and tells the rest of Europe how to behave, it risks fostering destructive nationalist resentment against Germany and ... it would strengthen the camp in Britain arguing for an exit—a problem not just for Britons but for all economically liberal Europeans."