

Abstract

The narrative of the ongoing crisis and economic collapse observed in the euro area over the past three years is often dominated by economic considerations. Economic factors alone, however, cannot explain the policy blunders made during the crisis, nor the inability of decision makers to resolve it. Rather, examination of the economic governance and politics of the euro area is required for a deeper understanding. This discussion focuses on these factors and explores the role of politics at individual member states in driving the crisis. The domination of politics over economics explains the persistent difficulties in making headway towards resolving the crisis and offers guidance for the risks ahead.