

The Euro

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Summary

I/ History

- A. Reasons of the creation of Euro
- B. Maastricht Criteria

II/ The Euro

- A. Advantages
- B. Desadvantages
- C. Solution

II – The Euro

A. Advantages of Euro

1. Monetary Strength

- Powerful money against the American dollar
- Benefits for the financial markets
- € --> the second international currency





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I - History

A. Reasons of the creation of Euro

1999 : Virtual Euros

2002 : Coins and banknotes

- Fighting the cost of foreign exchange transactions
- End the erratic movements of the national currencies of the EU countries and protect the internal market
- Strengthening the international competitiveness of European companies
- Deepening European integration

B. Maastricht Criteria

- Euro convergence criteria
- Established in 1991-1993 by the Treaty of Maastricht
- 5 criteria which European member state are required to respect to enter in the **Economic and monetary Union**
- Adopt the **Euro** as their currency



B. Maastricht Criteria

- Price stability (inflation)
- Fiscal prudence – annual deficit
- Fiscal prudence – total debt
- Successful EMS Membership
- Interest-Rate Convergence



II – The Euro

A. Advantages of Euro



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A. Advantages of Euro

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II – The Euro

A. Advantages of Euro

2. The companies

- The disappearance of the risk of exchange rate
- Inward investment



II – The Euro

A. Advantages of Euro

3. More competition within the Eurozone

- A largest variety of goods
- Easier to compare prices
- Increased competition and efficiency



II – The Euro

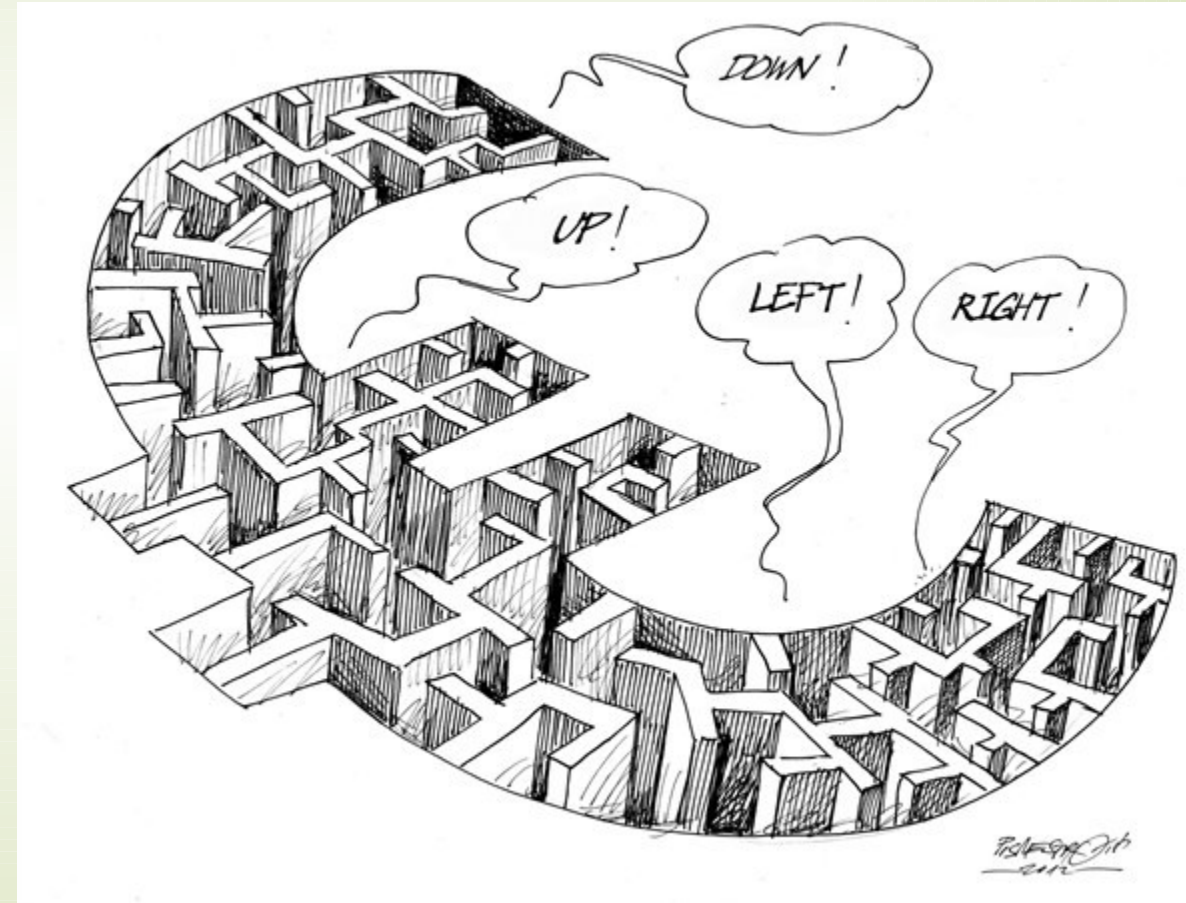
B. Disadvantages of Euro



II – The Euro

B. Disadvantages of Euro

- Impossible to devalue
- Abandonment of monetary sovereignty
- Stability and Growth Pact
- Inflation is fight by the European Central Bank
- Cost of introducing the currency



II – The Euro

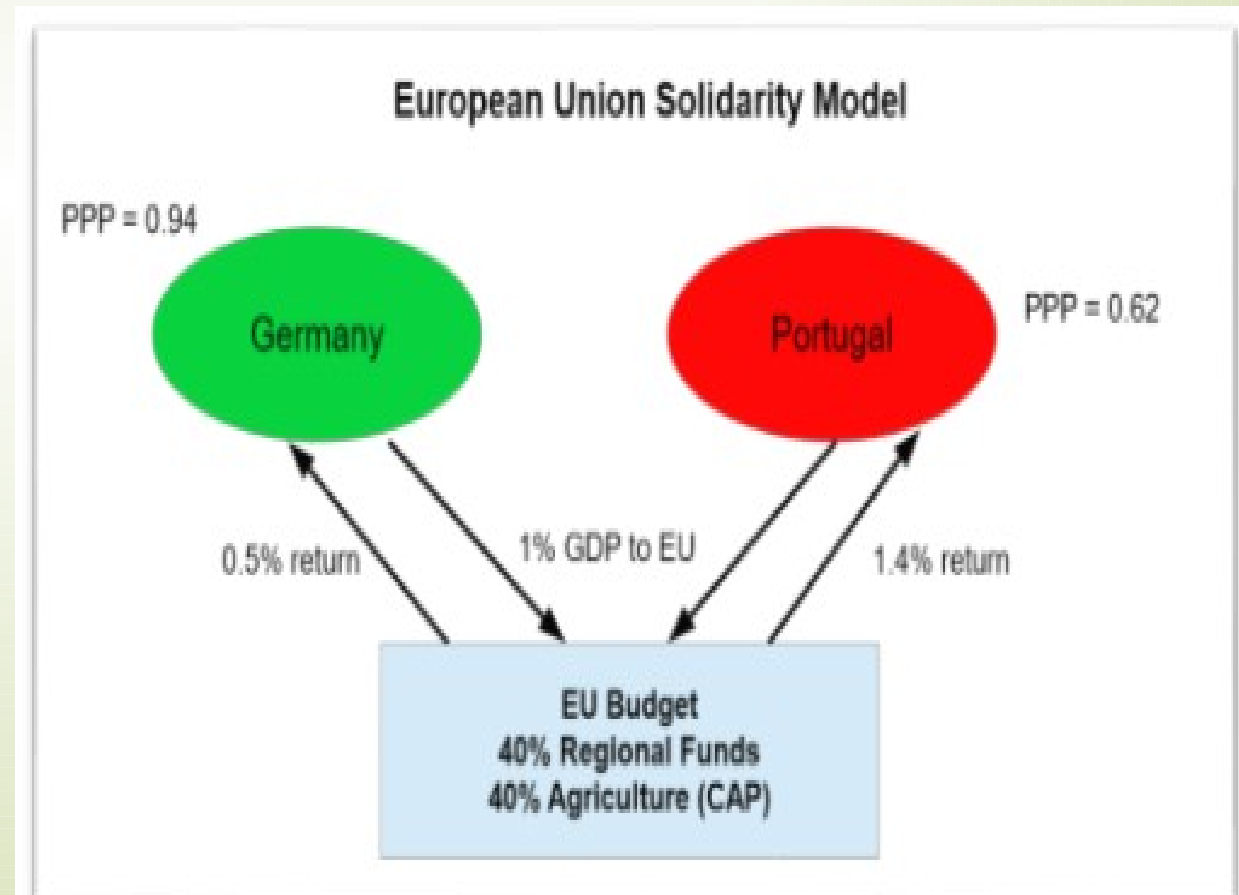
C. Solutions



II – The Euro

C. Solutions

- The integration of the European Union
Solidarity Model



II – The Euro

C. Solutions

- **Harmonize the minimum wage in Europe:**
basing on the GDP of the
respective country

