



Was
EMU
a good idea?

INTRODUCTION

1

2

3

4



1988

Delors report

- Liberation of capital movements
- Strengthening of cooperation
- Free use of the ECU

1990

1994

European Monetary Institute : facilitate the future currency

1999

- Rates are fixed
- Single monetary policy
- Stability and Growth Pact

2002

The euro is put into circulation

🔍 WAS EMU A GOOD IDEA? ✖

1

INTRODUCTION

2

BENEFITS OF EMU

for states, businesses and individuals

3

LIMITS OF EMU

for states, businesses and individuals

4

CONCLUSION

BENEFITS OF EMU

1

FOR STATES

For
businesses

For
individuals

More stable

- No out exchange risks
- For a stable system
- Reduce the risk of inflation



Political tool

- 2nd largest currency
- payments in €
- = payments in \$
- Easier to borrow

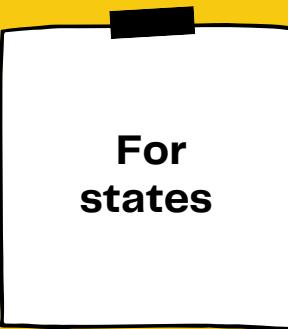


Tourism

- Tourism is facilitated
- Easier to travel
- Easier to consume
- A key sector



BENEFITS OF EMU

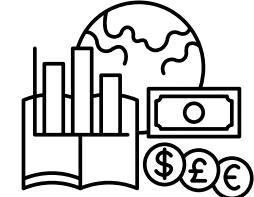


2
FOR BUSINESSES



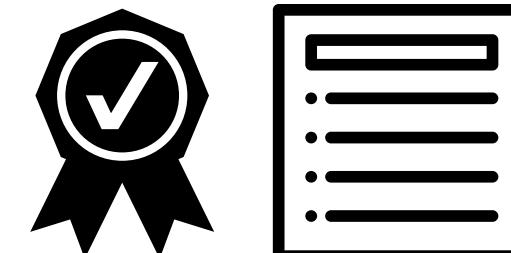
Larger market

- More consumers
- No customs charges
- Not limited
- Bigger than the domestic market



Common standards

- Same rules for all countries
- Competition on the same regulatory basis

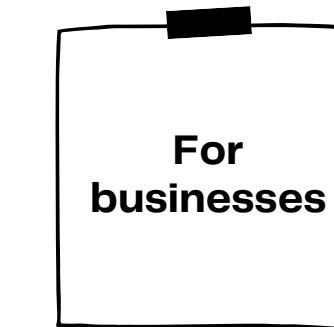
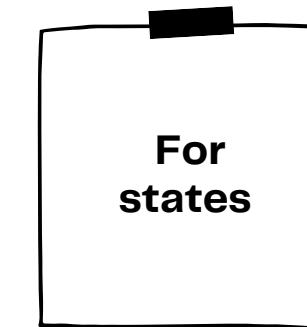


Trade is encouraged

- No exchange risks
- No custom duties
- No additional costs
- Specialization : economy of scale



BENEFITS OF EMU



3

FOR INDIVIDUALS

Price and quality

- More competitive due to specialization
- Reduction of manufacturing costs
- European standards



No discrimination

- No discrimination within the EU
 - EU residents are equals on the market
- Excluding shipping costs



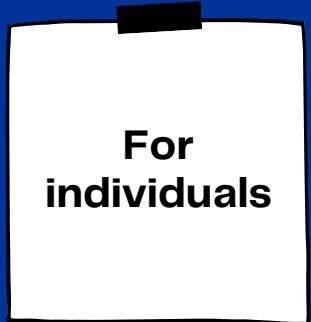
Work

- Larger area
- Salary in the same currency
- Professional cooperation



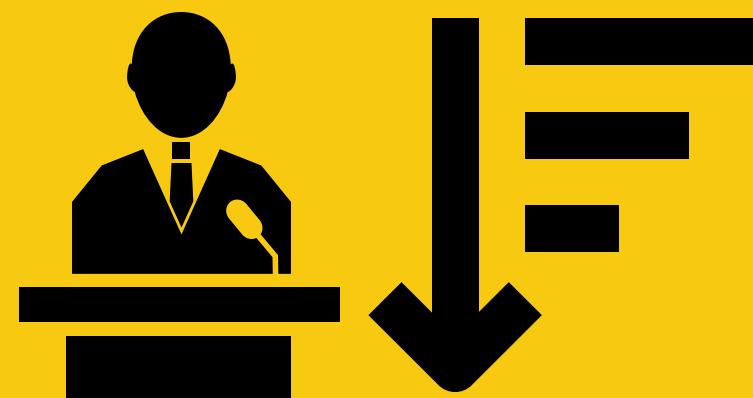
DISADVANTAGES OF EMU

1
FOR STATES



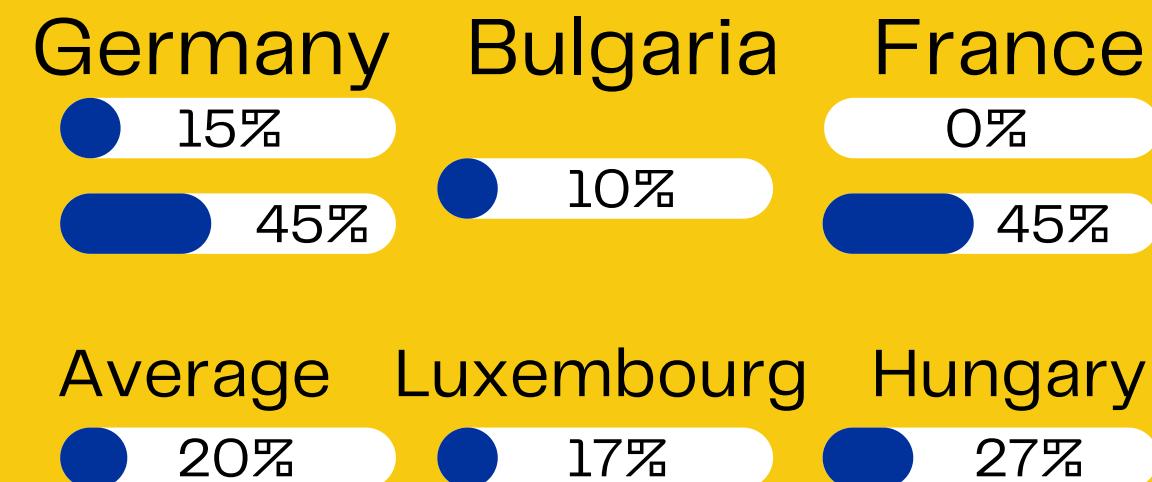
Lost of sovereignty

- Monetary and normative
- Fewer instruments of policy



Inequality of tax policies

- Specific to each country
- Lack of coordination



DISADVANTAGES OF EMU

For
states

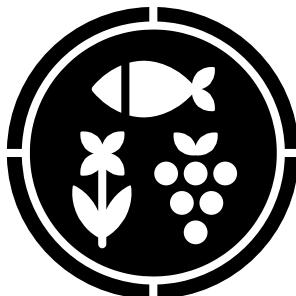
2

FOR BUSINESSES

For
individuals

Standards

- Brake on production
Ex : glyphosate
- Too demanding
- Too binding



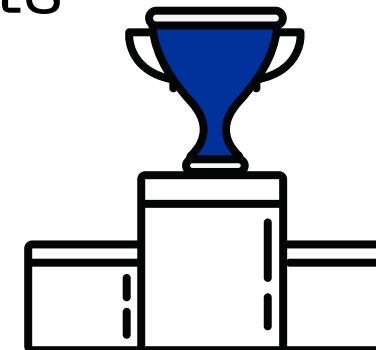
Unfair competition

- No single minimum wage
- Cost of worker ≠

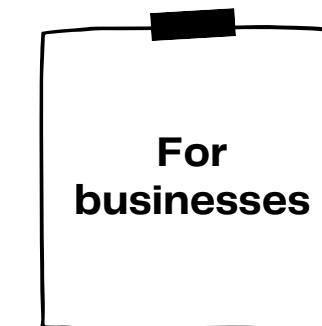
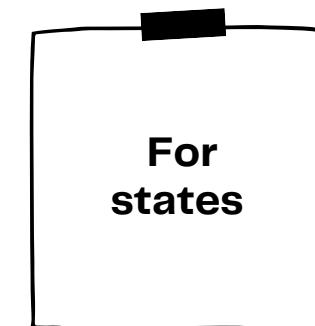


More competitors

- More consumers but more companies
- Different production costs



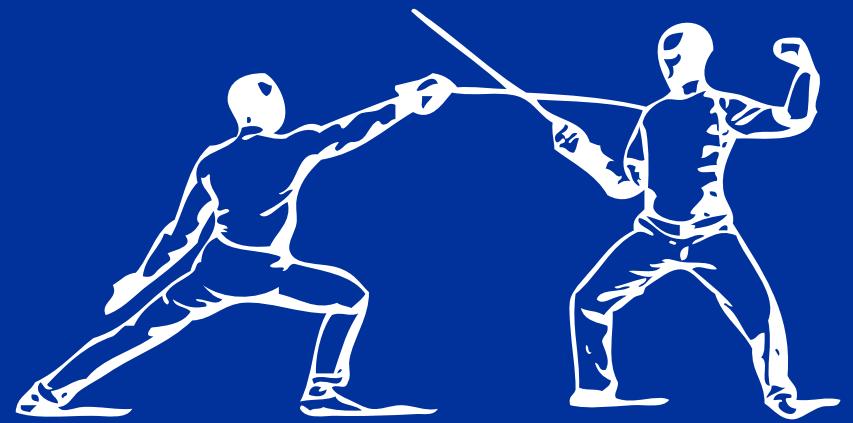
DISADVANTAGES OF EMU



3
FOR INDIVIDUALS

Business competition

- Competition between workers
- Difference of wages



OVERVIEW

+ For States -	
<ul style="list-style-type: none">• A system more stable• A political tool : the 2nd currency• An economic activity : tourism	<ul style="list-style-type: none">• Loss of sovereignty• Inequality of taxes• Lack of coordination
+ For businesses -	
<ul style="list-style-type: none">• Larger market = more consumers• Same regulatory basis• Trade is encouraged	<ul style="list-style-type: none">• Standards too demanding• Unfair competition• Stronger competition
+ For individuals -	
<ul style="list-style-type: none">• Lower price and quality• No discrimination• Professional cooperation	<ul style="list-style-type: none">• Competition between workers• Difference of wages

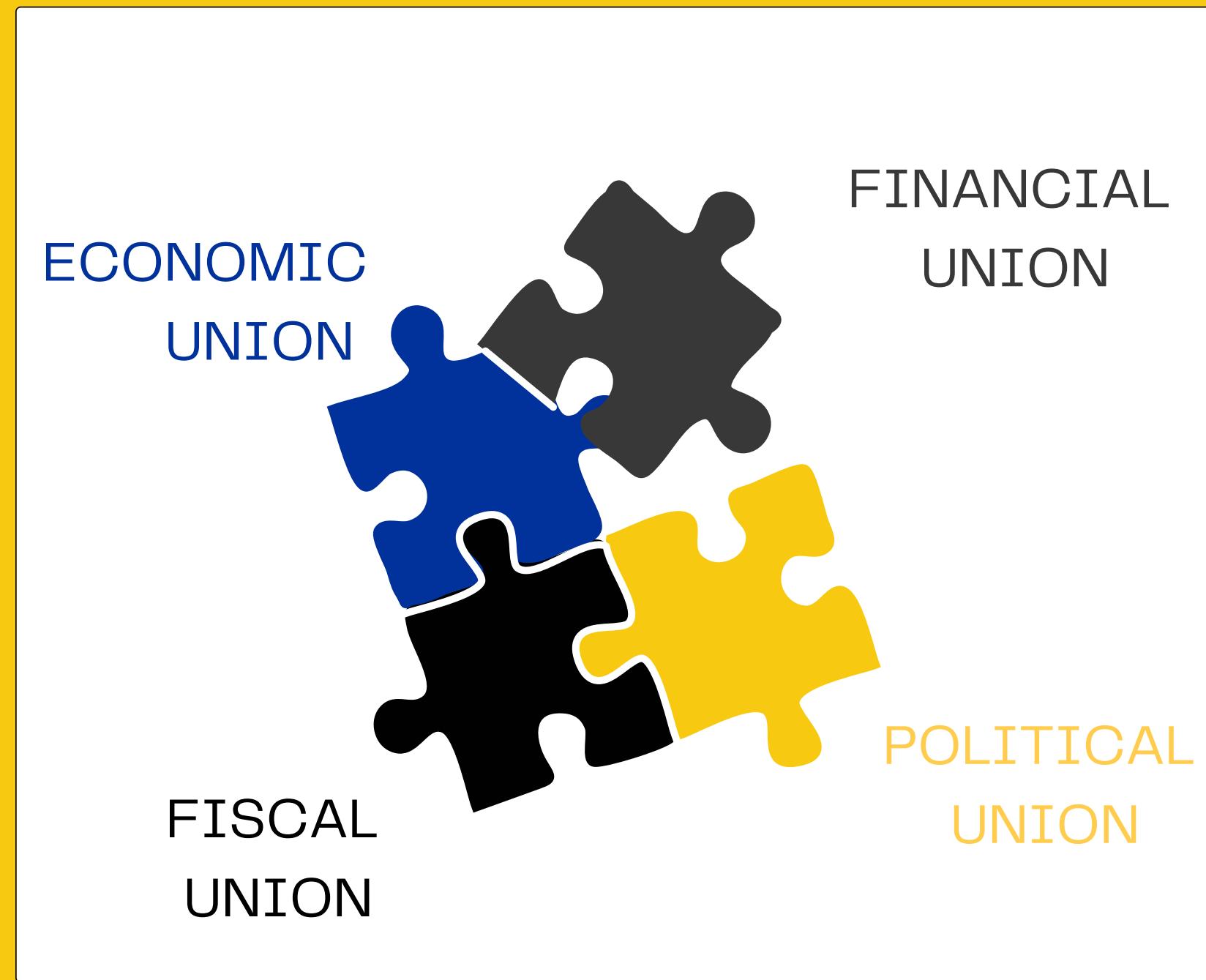
CONCLUSION

1

2

3

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The diagram illustrates the four pillars of European integration as puzzle pieces:

- ECONOMIC UNION (Blue piece)
- FINANCIAL UNION (Dark Grey piece)
- FISCAL UNION (Black piece)
- POLITICAL UNION (Yellow piece)

Budgetary rigour :
3% of the GDP

Reality :

- Greece
- France deficit 6,5%

Public debt 110% of GDP

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QUESTIONS

What do you think? What advantage do you find to the euro?

When was the euro put into circulation?

What is the deficit of France?

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When was the euro put into circulation? 2002

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