

Economics of European Monetary Integration

Dr. Reiner Martin

Deputy Head of Division
Macro-Financial Linkages Division
European Central Bank

COURSE DESCRIPTION

This course will provide a comprehensive overview of economic aspects of European monetary integration. Students will become acquainted with the economics of monetary integration in general and more specifically, with the origin, organisation and development of European Monetary Union (EMU). Special emphasis will be put on developments in EMU since the start of the sovereign debt crisis in the euro area in 2010.

The course will first review the various strands of optimum currency theory. This will be followed by a brief review of the history of monetary integration in Europe, a description of the organisation of EMU and its place within the wider European and international context. This second part of the course will also review the enlargement process of EMU. The third part of the course will be devoted to the experience of EMU since the start of the economic and financial crisis in Emerging Europe in 2008 and the euro area sovereign debt crisis in 2010. The final part of the course will review recent institutional changes in the euro area and look at the lessons learned for monetary integration in the EU as other parts of the world.

The course will be largely taught on the basis of Power Point Presentations. Students shall receive an outline, the presentations and a concise bibliography.

COURSE INFORMATION

Course Title:	Economics of European Monetary Integration
Key words:	Monetary integration, Optimum Currency Area (OCA), European Monetary Union (EMU), Economic and Financial Crisis,
Academic level:	Master
Duration:	4 days, 4 hours per day (including one-hour exam on the last day)
Language of instruction:	English
Exam:	Multiple choice test at the end of the course

LITERATURE & SOURCES

Main internet resources

European Central Bank: www.ecb.europa.eu

European Commission: <http://ec.europa.eu/>

IMF : www.imf.org

Selected background publications

De Grauwe, P. (2012), Economics of Monetary Union, 9th Ed. Oxford University Press

ECB (2008), Special edition of the Monthly Bulletin – The first 10 years of the ECB, Frankfurt

ECB (2011), The Monetary Policy of the ECB, Frankfurt

ECB (2016), Convergence Report, Frankfurt (also previous editions)

Gardo, S and Martin R. (2010), The Impact of the Global Economic and Financial Crisis on Central, Eastern and South-Eastern Europe – A Stock-Taking Exercise, ECB Occasional Paper 114

Nazim Belhocine, E et al (2016), Taking Stock of Monetary and Exchange Rate Regimes in Emerging Europe, IMF, Washington DC

Reinhart, C. and Rogoff, K. (2009), This Time is Different, Princeton University Press

Scheller, H. K. (2006), The European Central Bank – History, Role and Functions, ECB, Frankfurt

SYLLABUS

Part I: Optimum Currency Area theory (4 hours)

- I. Traditional strands of OCA theory
- II. Critical Assessments of OCA theory and new Approaches
- III. Costs and Benefits compared
- IV. Monetary and exchange rate regimes in Emerging Europe

Part II: Origins and key features of EMU (3 hours)

- I. Origins, structural features and organisation of EMU
- II. Price stability and monetary policy strategy
- III. Convergence assessments and EMU enlargement

Part III EMU during the crisis (6 hours)

- I. The crisis in Emerging Europe – a ‘historical case study’

II. The euro area sovereign debt crisis

III. ECB 'non-standard' measures

Part IV Looking ahead - EMU beyond the crisis (2 hours)

I. Changes in the economic management of EMU

II. Ways forward / lessons learned