REAL ECONOMIC BENEFITS OF EMU

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USA with 50 currencies?

- CITIZENS
- BUSINESSES
- MACROECONOMY
- GLOBAL ECONOMY
- POLITICAL
The Benefits of the Euro

- ECONOMIC STABILITY
- CLOSER ECONOMIC, FINANCIAL INTEGRATION
- ENHANCED FISCAL DISCIPLINE
- MORE WEIGHT IN GLOBAL FINANCE
- MORE GROWTH, JOBS

Inflation rates

Evolution of the inflation rates in the EU Member States (since January 1979, monthly rate on an annual basis)
Real trade in goods
(Sum of exports and imports as a % of GDP)

Source: European Commission

Improved productivity

- End of competitive devaluations
- Low-tech firms restructuring (expanding upstream and downstream)
- Employment reallocation within sectors
- No downside effect on jobs
Budget balance
Evolution of the annual public deficits of EU Member States

Source: European Commission services

Budget balance
Budget balance, euro area, US and JP
(in % o GDP; period average)

Source: European Commission services
GDP per capita

GDP per capita, euro area, US and JP
(y-o-y change in %; period average)

Employment

Employment, euro area, US and JP
(y-o-y change in %; period average)

Source: European Commission services
Further potential benefits

- Improve the quality and sustainability of public finances
- Enhance intra-area adjustment and internal market
- Manage the euro area’s global role

Conclusion

- Euro brings stability and growth
  - Inflation has decreased
  - Trade and foreign direct investment have grown
  - Public budget deficits fell
  - Productivity, job creation has increased
- Further potential gains (from improved coordination)
  - Further fiscal discipline (especially in good times)
  - Improved crisis management mechanisms
  - Further internal convergence (Further flexibility and better integration of European markets, including financial markets)
  - Further external coordination
Thank you for your attention