

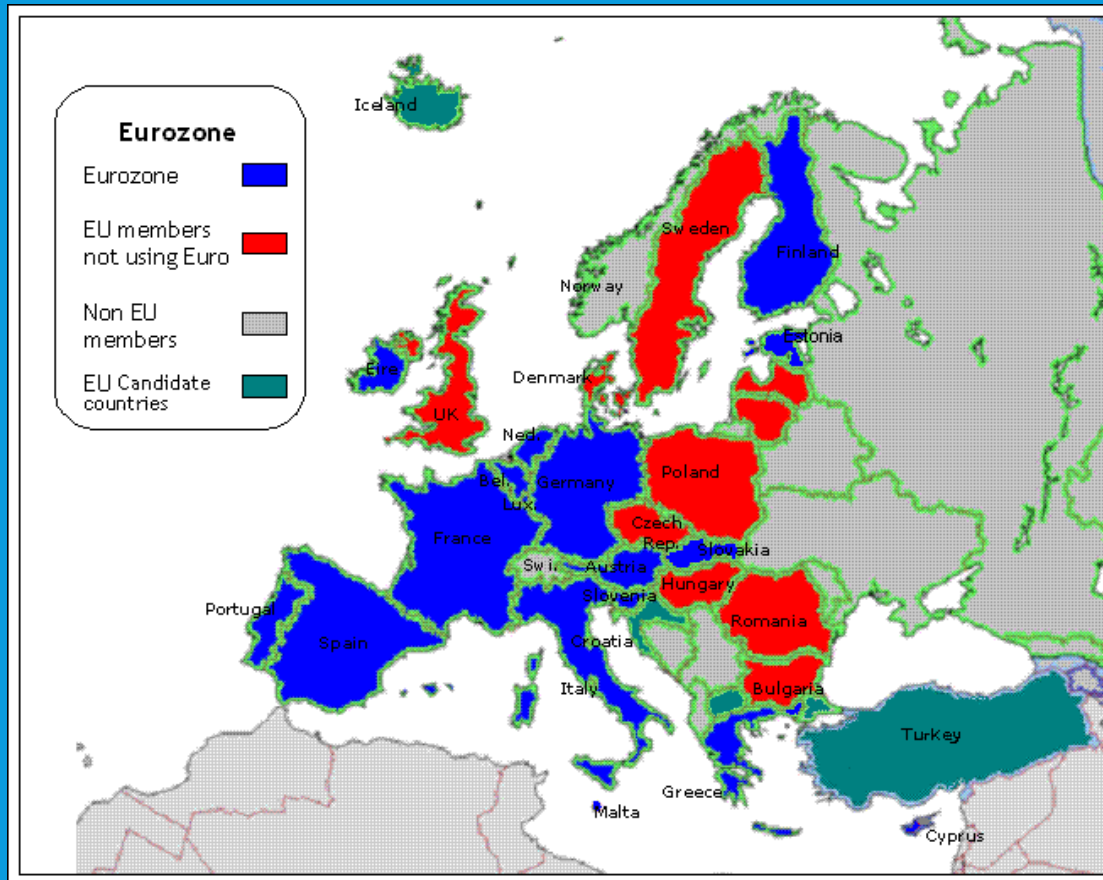
THE EUROZONE

By Mike Graboyes

TODAY'S JOURNEY

- What is the Eurozone?
- Historical Example
- Movement Building
- Launch
- Impacts- Positive and Negative
- Recession and Greece

WHAT IS THE EUROZONE?



- 19 of the 28 European Union Countries
- Britain and Denmark
- Conditions to join?

PRECURSOR TO THE EZ

- The Latin Monetary Union



- France, Belgium, Italy, Switzerland
- Bimetallism and its negative side effects
- Greece scheming?
- Bad behavior from Italy and France
- World War I

EUROPEAN MONETARY SYSTEM

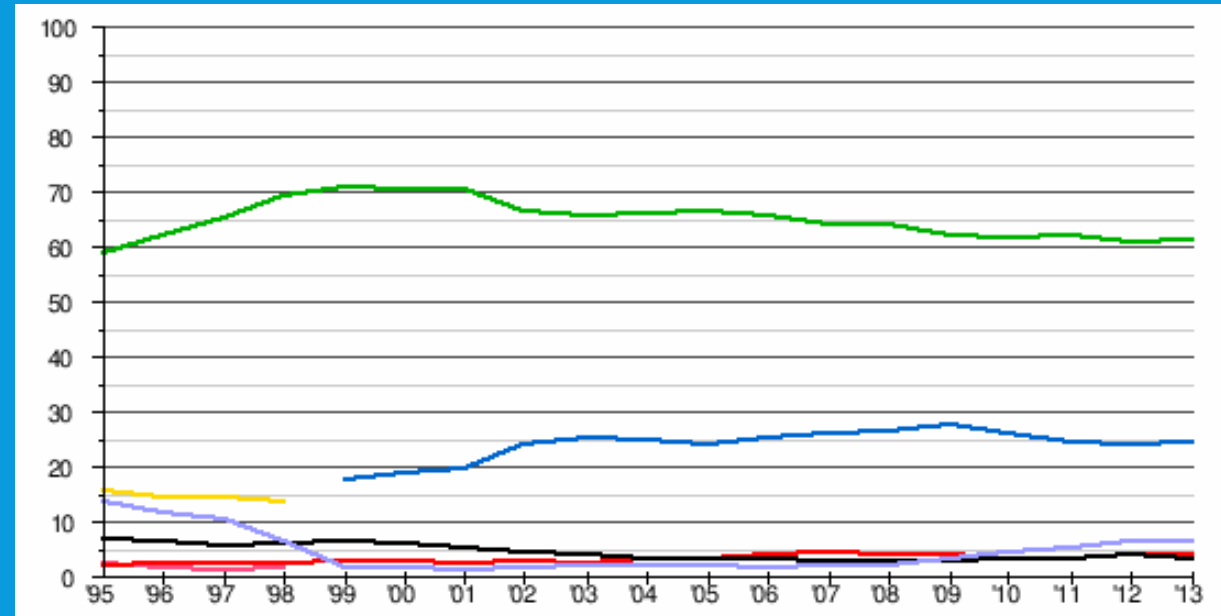
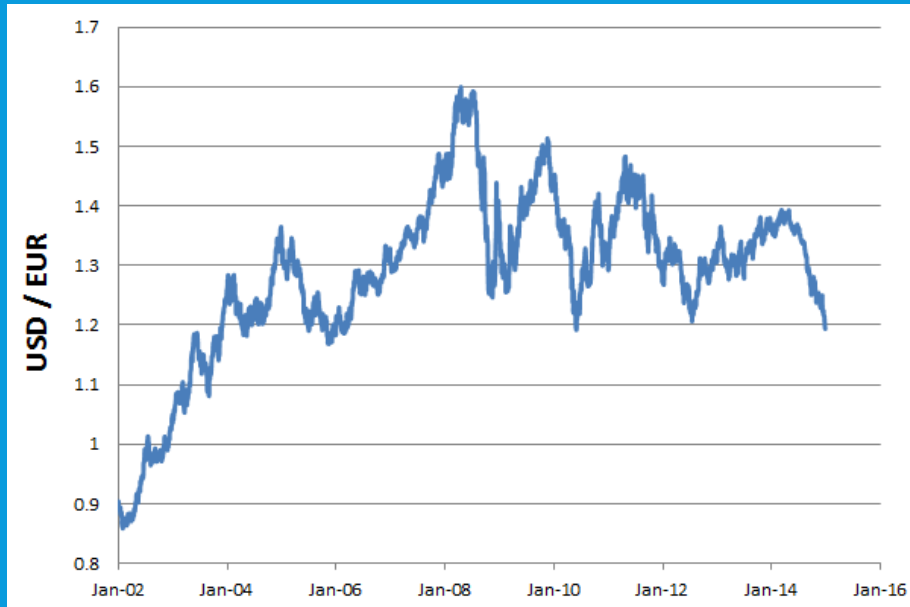
- Large fluctuation between currencies
 - European Currency Unit: accounting unit used to counter inflation
- Single European Act: beginnings of a European Central Bank
- Stubborn Margaret



MAKING BIG MOVES

- European Monetary Institute followed by European Central Bank
- Launch Date: January 1, 1999
- 11 Countries join right away, 8 later
- How long until physical currency introduced?

SO...HOW DID IT GO?



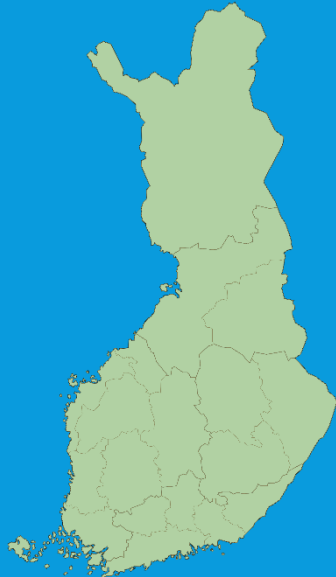
- USD/EUR on the left, international usage rate on the right
- Euro more important than the dollar?

IMPACTS

- Trade-more trade among those already trading
- Investment-FDI up
- Inflation-low and stable until 2008.
- Interest Rate-Lowered in 2003, then again low 2009 on.
Negative since 2014
- Tourism-introduction of Euro increased tourism

PROBLEMS

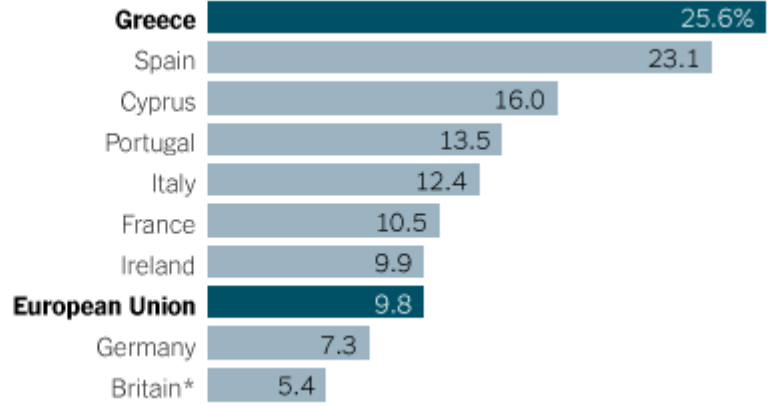
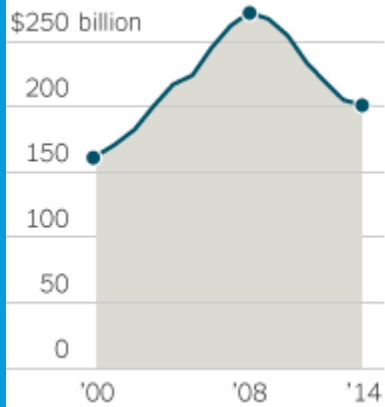
- Case study: Finland vs Sweden
- Euro having big negative impact?



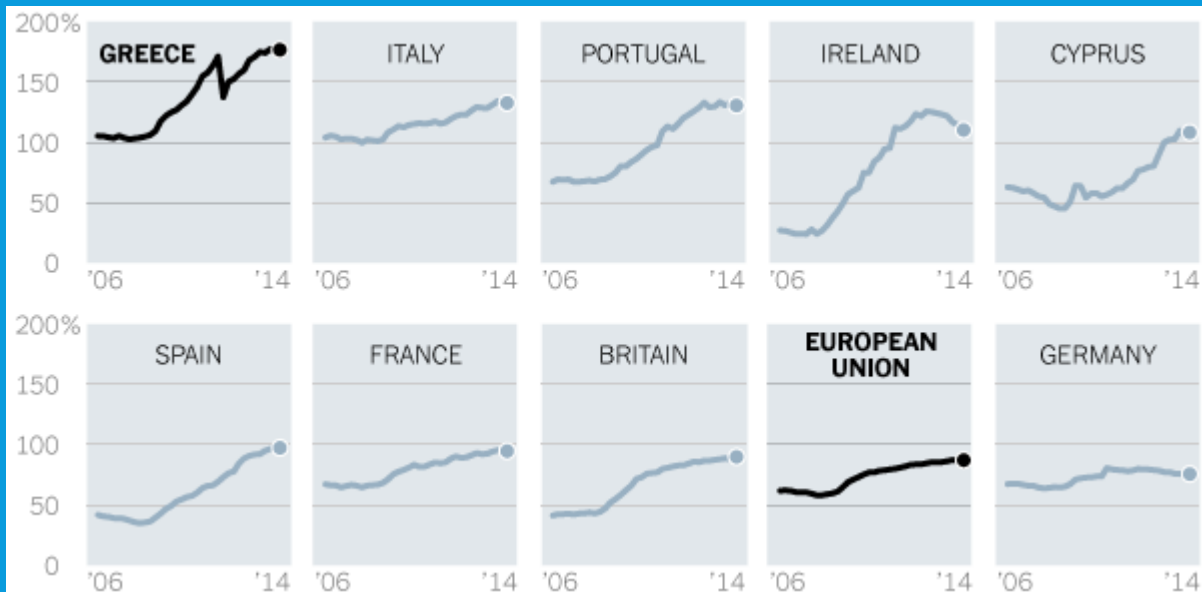
RECESSION AND GREECE

- Great Recession: Greece scheming numbers again?
- Can no longer borrow in financial markets
- IMF, European Central Bank, European Commission: 240 Billion
- Conditions of Bailout
- With so much bailout money, why are there still issues?
- Germany vs IMF
- How does Greece Compare to other countries?

GRAPHS ON GRAPHS



First Graph: Greece GDP and unemployment rate of European Union Countries



Second Graph: Government Debt vs GDP in percentages

IS THE PROBLEM THE EURO?

- Joseph Stiglitz argument against the Euro-Europe too diverse for a single currency
- US and Britain faring much better than the Eurozone-even compared to Germany
- Central bank focus: should be more than just inflation, cannot trust markets to do everything
- Euro=Bad marriage

BIBLIOGRAPHY

- "BBC ON THIS DAY | 16 | 1992: UK Crashes out of ERM." *BBC News*. BBC, 16 Sept. 1992. Web. 26 Oct. 2016.
- Christensen, Lars. "Remember the Last Time Greece Was Kicked out of a Monetary Union?" *The Market Monetarist*. N.p., 13 June 2012. Web. 26 Oct. 2016.
- "Explaining Greece's Debt Crisis." *The New York Times*. The New York Times, 31 Dec. 2015. Web. 27 Oct. 2016.
- "Key Interest Rates." *European Central Bank*. Eurosystem, n.d. Web. 31 Oct. 2016. <<https://www.ecb.europa.eu/stats/monetary/rates/html/index.en.html>>.
- Mendoza, Kerry-anne. "Greece vs. Iceland: This Simple Comparison Proves Austerity Is Morally And Literally Bankrupt." *Scriptonite Daily*. Scriptonite, 30 Jan. 2015. Web. 27 Oct. 2016.
- Nitsch, Volker, and Mauro Padoa-Schioppa. "How Did the Euro Boost Trade? Microeconomic Evidence | VOX, CEPR's Policy Portal." *VOXeu*. VOX, 15 July 2008. Web. 31 Oct. 2016.
- Noyer, Christian. "The International Impact of the Euro." Vice President of ECB Visits US. United States. Jan. 2000. Speech.
- Oakley, David, and Ralph Atkins. "Eurozone Shows Its Strength in Crisis." *Financial Times*. Financial Times, 17 Sept. 2009. Web. 31 Oct. 2016.
- Stiglitz, Joseph. "Joseph Stiglitz: The Problem with Europe Is the Euro." *The Guardian*. Guardian News and Media, 10 Aug. 2016. Web. 27 Oct. 2016.
- "Use of the Euro." *European Central Bank*. Eurosystem, n.d. Web. 29 Oct. 2016.
- Vandore, Emma. "Euro Is Becoming the It Currency." *USA Today*. USA Today Newspaper, 23 Nov. 2007. Web. 29 Oct. 2016.
- "What Is Austerity?" *The Economist*. The Economist Newspaper, 20 May 2015. Web. 28 Oct. 2016.
- Wray, Richard. "EU Ministers Agree Greek Bailout Terms." *The Guardian*. Guardian News and Media, 11 Apr. 2010. Web. 31 Oct. 2016.