THE EUROZONE

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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
- 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?
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


