第5回　国際通貨論　I
International Monetary Study I
The Way to the Euro (4)

Professor MURASE Tetsuji
留学生センター教授　村瀬哲司

Autumn 2004

30 Years of Monetary Integration (Part 2)

1. The Delors Report

In 1989, Jacques Delors, President of the European Commission, presented “the report on the economic and monetary union in the European Community,” a blueprint of today’s EMU.

(1) The background

>Real economy: the single market (internal market) to be completed by the end 1992

>Monetary economy: the relative stability of the EMS

→“One Market, One Money!”

(2) Main features of the Delors Report

(i) The Balance of central and regional authorities: plurality

→ the *"principle of subsidiarity"* 補完性の原則 The higher level of government activities is limited to a minimum, only supplementing the activities of lower levels of government, when absolutely necessary.

(ii) The Economic Union: importance of (a) competition policy, (b) regional and structural issues and © coordination of macroeconomic policy

(iii) The Monetary Union: importance of (a) currency convertibility, (b) complete capital liberalization and © irreversible fixing of exchange rate

→ The report was incorporated in the Maastricht Treaty (Treaty on European Union) signed in 1992, effective 93.

2. Three Stages to the EMU

(1) The 1st Stage: 1 July 1990

>The complete liberalization of capital movement

>The multilateral surveillance for policy coordination among 12 EC member states

An argument how to proceed to the 2nd and 3rd stages between "monetarists" (France/Belgium) and "economists" (Germany/Netherlands)

>Monetarist approach: when institutions (like ECB) are established, economic convergence will follow.

>Economist approach: leveling of member economies first, then establish an independent ECB at the end.

→ The Maastricht Treaty adopted the economist approach.

(2) The 2nd Stage: 1 January 1994

>The EMI (European Monetary Institute, predecessor of ECB) was established for institutional and technical preparations. The 5 principles of transition programs are:

(a) legally clear,

(b) simple and user friendly,

© cost effective,

(d) the common financial policy must be effective and

(e) the use of the euro is neither compulsory nor prohibited during the first three years of dual currencies.

>January 1995 Austria, Finland and Sweden joined the EU, enlarging the membership to 15 states.

>December 1995 the future single currency was named the "euro" at the European Council in Madrid.

The criteria for economic convergence to join the EMU 経済収斂条件[see Table 1.5]

(i) Inflation rate: within 1.5% point of the lowest 3 member states

(ii) Long-term interest rate: within 2% point of the lowest inflation 3 member states

(iii) Government fiscal conditions:

(a) budgetary deficit: within 3% of GDP,

(b) debt balance of the general state: in principle less than 60% of GDP

(iv) Exchange rate: within the normal band of ERM for the past two years

(3) The 3rd Stage: 1 January 1999

>May 1998 the European Council approved 11 member states to join the EMU (Greece failed. UK, Denmark and Sweden opted-out).

>June 1998 the ECB (European Central Bank) was established, and the EMI was liquidated.

>31 December 1998 the irreversible exchange rates of the ECU = euro against member currencies were fixed [see Table 1.3]

>1 January 1999 the 3rd stage of EMU started.

>1 January 2001 Greece joined the euro area.

>1 January 2002 euro banknotes and coins started circulation and national legal tenders disappeared.

What happened on the 1. January 1999? In the daily life of citizens, almost nothing seemed to change, but…

(i) The euro became “a currency of its own right.”

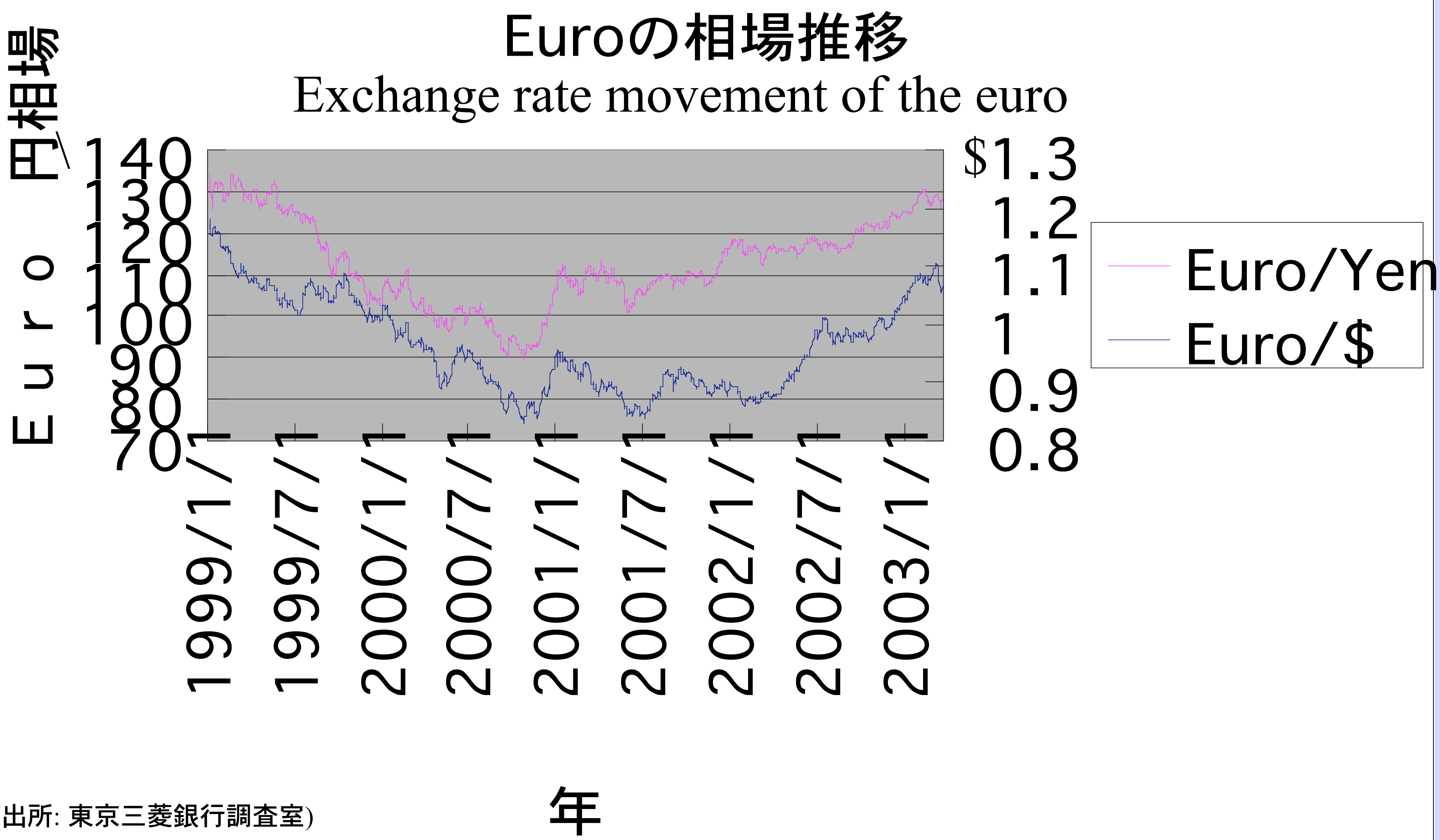
(ii) National currencies became subdivision of the euro.

(iii) National central banks no longer formulated their own monetary policies, and the ECB became solely responsible for monetary policy of the entire euro area.

(iv) Foreign exchange markets for national currencies (DM, FFr. etc) disappeared.

(v) Money markets for national currencies disappeared and the money market interest rates of the euro became common.

The first euro transactions on foreign exchange markets took place on 4 Jan 1999 in Wellington at euro 1/US$ 1.17 and in Sydney at euro 1/\ 132.20.



(出所: 東京三菱銀行調査室)