

Macroeconomics of EMU

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- Extraordinary 'natural' experiment
- ECB performance
- National-Level Performance within EMU

- Lessons from US States
- Trade integration
- Financial integration
- Price convergence
- Design Issues: SGP; entry criteria

- RER behaviour without a NER
- Current Account Dynamics
 - Neoclassical phase until 2002 (Blanchard-Giavazzi)
 - Bubble-driven growth in deficits during 2003-2007
- Financial Crisis 2007-2009

- Inflation differentials
- Role of B-S
- Similar dispersion to US but much more persistent
- Substantial cumulative RER movements
- Concentrated in NT sector

- Positive comovement with relative growth rates
- Significant role for trade-weighted exchange rates
- Role for fiscal shocks

- Pros and Cons of EMU membership during the crisis
- Real devaluation achievable?