

Inhalt

Preface	9
1 Introduction: national money and international trade – a simple thought experiment.	11
1.1 Money and its functions	11
1.2 International trade and the balance of payments	12
1.3 Foreign exchange market and currency system	16
1.4 The design of the international monetary system	18
2 Background: The long road to the euro (1945–1989).	19
2.1 A new start after the war: Bilateralism, European Payments Union and the Treaty of Rome.	19
2.1.1 The years of so-called ‘bilateralism’	19
2.1.2 The European Payments Union	24
2.1.3 The “Treaty of Rome”	26
2.2 Western Europe’s currencies in the Bretton Woods era	28
2.2.1 The gold-dollar standard – an overview	28
2.2.2 How can fixed exchange rates be achieved?	30
2.2.3 The EEC currencies in the Bretton Woods system	32
2.2.4 The trilemma of monetary policy	33
2.2.5 From the mid-1960s onwards: Problems and collapse.	37
2.3 The 1970s: the Werner plan and the ‘European Currency Snake’	40
2.3.1 The Werner plan: Creating an EC monetary union by 1980?	40
2.3.2 The ‘European Currency Snake’	44
2.4 The European Monetary System (EMS)	46
2.4.1 Objectives, functioning and development over time.	46
2.4.2 Analyzing the EMS from the perspective of economic history (1): Was it a success story?	49
2.4.3 Analyzing the EMS from the perspective of economic history (2): Was it a Deutschmark bloc with the Bundesbank as its central bank?	50
2.4.4 Analyzing the EMS from the perspective of economic history (3): Was it a precursor to the monetary union?	52
	5

3	Paving the way: Delors Report, Maastricht Treaty, Stability and Growth Pact (1989–1998)	54
3.1	The Delors report	54
3.2	Economic foundations of the discussion in the 1990s	58
3.2.1	The theory of optimum currency areas	58
3.2.2	Endogeneity of the functional conditions of a monetary union?	63
3.2.3	The political economy perspective	64
3.2.4	Monetary policy and public debt in a currency union	65
3.3	The Maastricht Treaty	68
3.3.1	The ECB as a ‘European Bundesbank’?	68
3.3.2	The convergence criteria	73
3.4	The Stability and Growth Pact	75
3.5	Decisive steps on the road to monetary union	78
3.6	The ECB formulates its strategy	84
4	Honeymoon: The euro before the financial crisis (1999–2007) . . .	89
4.1	The ECB stands the test – and adapts its strategy	89
4.2	Greece, the Stability and Growth Pact, and international imbalances – dark clouds on the horizon?	97
5	Crisis years: The monetary union on the brink of collapse (2008–2015)	100
5.1	From the global financial crisis to the European sovereign debt crisis	100
5.2	Dimensions of the euro crisis	102
5.2.1	The euro crisis as a current account crisis	102
5.2.2	The euro crisis as a banking crisis	108
5.2.3	The euro crisis as a sovereign-debt crisis	109
5.3	The discussion about the institutional causes of the crisis . . .	115
5.4	The ‘rescue packages’, the European Stability Mechanism (ESM) and the crisis year 2015	118
5.5	The reform of the eurozone architecture	123
5.5.1	Overview of the main features of the discussion	123
5.5.2	The reorganization of the fiscal and economic policy rules	126
5.5.3	The reform of the financial architecture	129
6	‘The only game in town:’ The ECB in charge of everything? (2015–2022)	138
6.1	Overview: The evolution of the ECB’s monetary policy since the start of the financial crisis	138
6.1.1	The ECB’s response to the problems on the banking market	138

	Inhalt
6.1.2	The ECB's response to the sovereign debt crisis 143
6.1.3	"Whatever it takes" 145
6.2	Quantitative Easing 152
6.2.1	The Asset Purchase Programme 152
6.2.2	Criticism of the government bond purchases 157
6.3	The monetary policy response to the Covid pandemic 160
7	Present and future 162
7.1	Inflation is back. 162
7.2	The 2021 revision of the ECB's strategy 165
7.3	Is the ECB operating under conditions of fiscal dominance? .. 169
7.4	The "NextGenEU" program and the future of fiscal policy in the monetary union. 172
7.5	A 'digital euro'? 180
7.6	When will the eurozone be complete? 183
	Literature 186