

**The monetary situation in the  
Eurozone and implications on the  
international monetary system**

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**(4)**

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## **The international monetary system at bay**

**I**

**Has the Euro been already  
acknowledged as a failure?**

# **1. Evolution of respective shares of the Euro and the USD as reserve tools, transaction tools and financial transaction tools.**

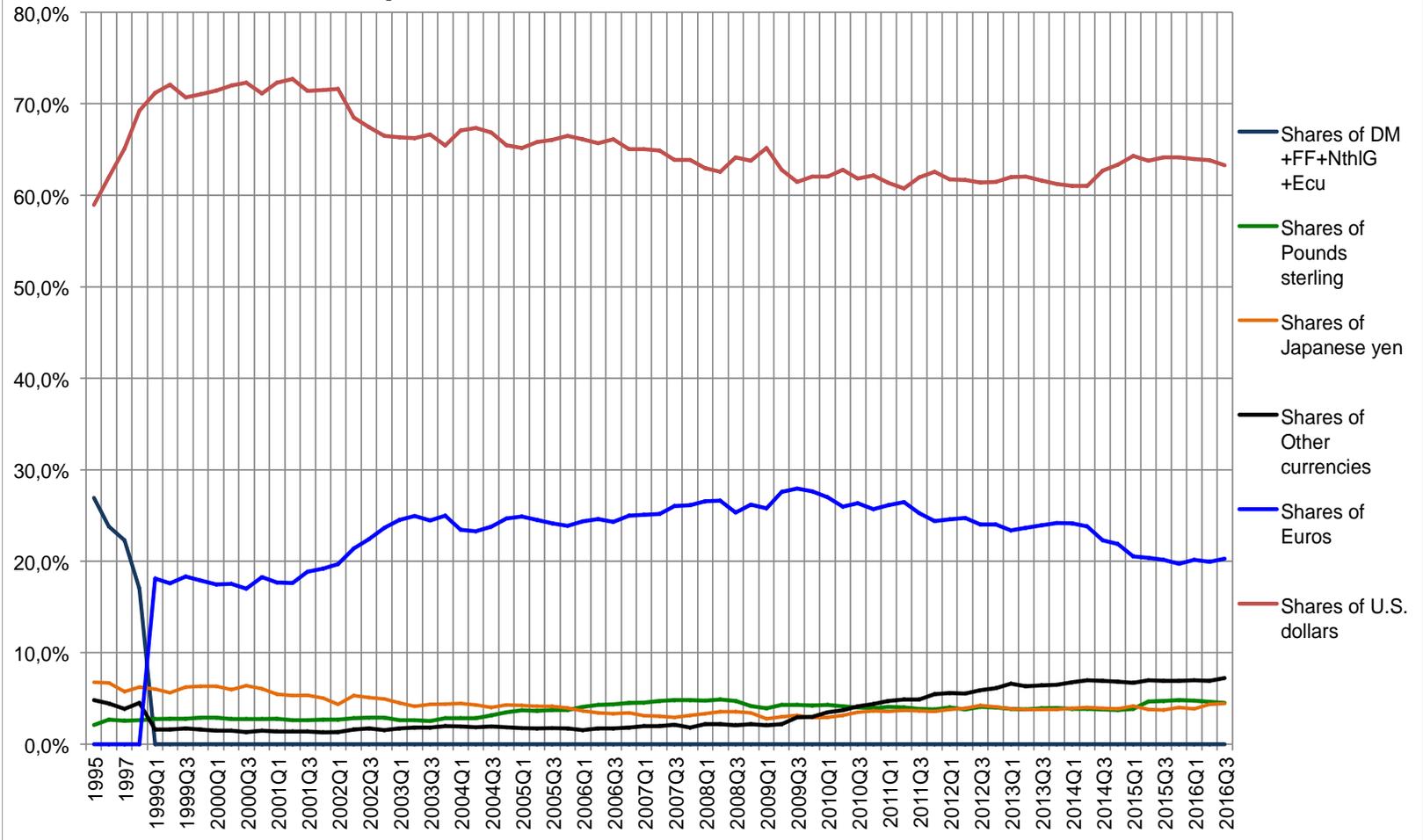
## **– a. The history of the Euro as a reserve tool.**

- » What was the situation before the introduction of the Euro (DM, FF and ECU)
- » Phase A: the USD unchallenged
- » Phase B: the slow rise of the Euro
- » Phase C: the crisis and emergence of “other currencies”.

## **– b. The weight of Euro as a transaction tool.**

- » The weight of the EZ in world trade.
- » Computations problems
- » The specificity of raw-material markets.
- » The specificities of the oil market

## Composition of disclosed Central Bank reserves



- **2. The Financial transaction tool**

- **A. Euro vs. Yuan as a financial transaction tool.**

- » A significant change?

- » The relevance of Chinese financial institutions.

- **B. Why the USD is still dominant?**

- » Is the USD an easy-going solution?

- » The relevance of “informal” transactions and the market of CDS

- **C. What would be the consequence of the Trump administration?**

- » The possible consequences of a currency war.

- » The politisation of rating agencies.

- **Could SDR replace the USD?**

- II

**What would be consequences of an  
EMU break-up?**

- **1. What would be consequences of the Eurozone dissolution?**
  - **a. What a dissolution would mean.**
    - » Consensual vs aggressive dissolution.
    - » Is a split possible (a tale of two euros).
    - » The trade unbalance of the EZ.
  - **b. What financial consequences.**
    - » What would be movement of new exchange rates?
    - » What would be prospects for the USD and JYP
    - » The “lex monetae”.
  - **c. What prospects for growth?**
    - » Southern Europe
    - » Germany
    - » A new redistribution of industrial activities?

- **2. What would be financial consequences**

- A. Banking systems at bay?

- Could an EMU dissolution trigger a generalized breakdown of banking systems?
- How would EMU members be affected?
- Would investment markets collapse?

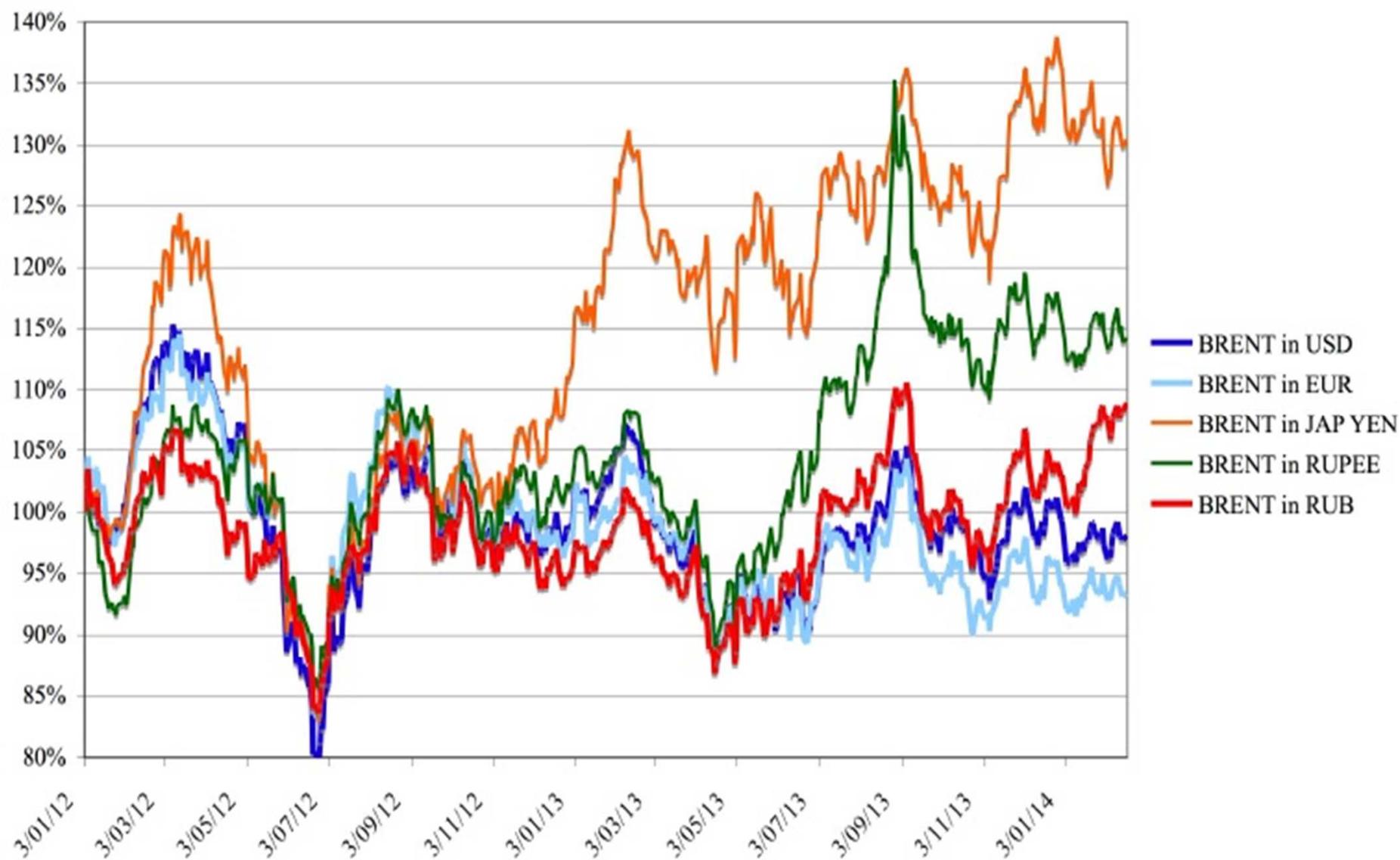
- B. Corporate finance

- What consequences for large transnational corporations?
- How would the CDS market evolve?

- **C.            Is a dissolution possible?**
  - » Political reluctance.
  - » Economic interests.
  - » Ideology.

- **3. The need for new reserve currencies.**
  - **a. What is the impact of reserve currencies.**
    - » Are reserve currencies still relevant in a global world?
    - » Who is using ‘reserve currencies’ (public and private).
  - **b. The development of “New currencies”.**
    - » The emergence of “new currencies”.
    - » Are raw materials used as proxies?
  - **c. The debt ration needed to sustain a reserve currencies.**
    - » Could a new reserve currencies be developed without a public debt?
    - » What is the optimal debt ration?
  - **d. From a bi-polar to a multi-polar world.**
    - » The end of the “post-bretton wood” world.
    - » The impact of Asia emergence.

### Brent en diverses monnaies



- **4. Undercurrents of the present crisis.**
  - **a. From Bretton Woods to the current state of the situation.**
    - » What actually happened at Bretton Woods?
    - » The Keynes vs Morgenthau conflict.
    - » Back to the drawing board?
  - **b. Old debates and fresh approach.**
    - » Could a single currency fits all the global needs?
    - » The missed opportunity of the European Payment Union (1949-1957).
    - » Banks unleashed?
    - » Is the Euro crisis the first step toward a global agreement?
  - **c. An economic or a political issue?**