Summary for non-specialists
Economic Papers No. 395 / December 2009
Economic Papers 2009

The euro:
It can't happen, It's a bad idea, It won't last.
US economists on the EMU, 1989-2002

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The purpose of this study is to survey how US economists, those with the Federal Reserve System and those at US universities, looked upon European monetary unification from the publication of the Delors Report in 1989 to the introduction of euro notes and coins in January 2002.

Our survey of approximately 170 publications shows (a) that US academic economists concentrated on the question "Is the EMU a good or bad thing?", usually adopting the paradigm of optimum currency areas as their main analytical vehicle, (b) that they displayed considerable scepticism towards the single currency, (c) that economists within the Federal Reserve System had a less analytical and a more pragmatic approach to the single currency than US academic economists, and (e) that US economists adjusted their views and analytical approach as European monetary unification progressed. In particular, the traditional optimum currency approach was gradually put into question.

We find it surprising that economists living in and benefiting from a large monetary union like that of the US dollar were so sceptical of monetary unification in Europe. We explain the critical attitude of US economists towards the single currency by several factors: first, the strong influence of the original optimum currency area theory on US analysis, leading to the conclusion that Europe was far from an optimal monetary union; second, the use of a static ahistorical approach to study monetary unification by comparing the full-fledged US monetary union with Europe prior to monetary unification, in this way failing to see monetary unification as an evolutionary process; third, the failure to identify pegged exchange rate regimes in Europe as the alternative to a single European currency; and fourth, the belief that the single currency for Europe was primarily a political project that ignored economic fundamentals, thus dooming the single currency to collapse.