



## The euro at ten: the next global currency?

Book edited by [Jean Pisani-Ferry](#) and [Adam Posen](#)

BRUSSELS, 16 June 2009- [Bruegel](#) and the [Peterson Institute for International Economics](#) (PIIE) organised the European launch of their joint publication “[The euro: global or regional currency?](#)” Adam Posen, deputy director of the PIIE and Bruegel Board member, participated in the launch as newly appointed external member on the [Bank of England Monetary Policy Committee](#) (MPC). Presentation of the book by [Jean Pisani-Ferry](#) and [Adam Posen](#) were followed by a panel discussion with Joaquin Almunia, European Commissioner for Economic and Monetary Affairs and Tommaso Padoa Schioppa, Chairman of the Board of Notre Europe and former Italian Economy and Finance Minister.

### About the book

The book draws from essays, papers, and speeches contributed by top academics and senior officials from both sides of the Atlantic to a high-level conference held last October at the Peterson Institute, sponsored by the European Commission. While other regions around the world are increasingly considering alternatives to the dollar, or at least to sole reliance on it, only Eastern Europe and parts of the Mediterranean are developing deep euro ties and reliance, the book finds.

Regions such as East Asia, the Gulf states, and Latin America are looking to regional monetary integration or basket arrangements. Barring even greater US economic policy mistakes, euro usage will continue to increase slowly in trade invoicing, financial investment, and reserve holdings, commensurate with deepening real economic ties to Europe—but nothing to rival the dollar. Over time, this trend, too, is likely to diminish as the size of the euro area economy shrinks relative to the rest of the world (especially if eastern enlargement of the area is not supported, let alone if the lack of crisis response hinders growth in Eastern Europe), according to *The Euro at Ten*.

**The financial crisis and its impact on the euro area and neighboring countries—including EU members and major trading partners—bring home three fundamental limitations of the euro area, says *The Euro at Ten*, despite its success in easier times to date.**

- First, persistent obstacles to European financial integration continue to limit the attractiveness of the euro.
- Second, euro area governance is based on rules and procedures that are not well equipped for crisis management or for coherent representation at a global level.
- Third, in crisis times the euro area has not behaved as the regional anchor it should be.

**Monetary competition between the dollar and euro is not a worthwhile goal for its own sake**, for either the European Union or the United States, the book finds. The primary privilege for reserve currency countries of being able to issue debt in one’s own currency is already available to euro area members, and their increased ability to do so has not impaired the US government’s debt issuance in dollars.

To address the shortcomings of euro area cooperation and crisis response, *The Euro at Ten's* editors argue for a practical agenda that would also enhance the euro's status as a global currency:

- First, they recommend a long-term consolidation of decision-making in financial matters in the euro area, with greater accountability and flexibility.
- Second, European policymakers should also move more quickly to define common responses to the current crisis.
- Third, the European System of Central Banks, which comprises the European Central Bank and other central banks in the European Union, must provide more aggressive support of the informally euroised and near-euro EU member states, particularly those that have faced difficulties in the current crisis.

## About The Editors

[Jean Pisani-Ferry](#) is director of Bruegel, the Brussels-based think tank, and professor at Université Paris-Dauphine. He was executive president of the French prime minister's Council of Economic Analysis; senior adviser to the French minister of finance; director of CEPII, the French institute for international economics; and economic adviser with the European Commission. Pisani-Ferry's research is mainly devoted to European and global economic policy topics.

[Adam S. Posen](#) is deputy director of the Peterson Institute for International Economics, where he has been a senior fellow since 1997. On 16 June 2009, he was appointed external member on the British Monetary Policy Committee. A widely cited expert on monetary policy, he has been a visiting scholar at central banks worldwide, including on multiple occasions at the Federal Reserve Board, the European Central Bank, and the Deutsche Bundesbank. In 2006 he was on sabbatical leave from the Peterson Institute as a Houlton-Norman Senior Fellow at the Bank of England. He is a member of the Panel of Economic Advisers to the Congressional Budget Office for 2007–09.

## About the Organisations

[Bruegel](#) is a European think tank dealing with international economics. It was created in Brussels in early 2005 with the intention of bringing a new voice to Europe's economic policy debate. Bruegel's governance and funding model make it unique, as it is the only think tank partly funded by European Union member states. It is supported by 18 European governments, as well as a number of leading private corporations. Bruegel does not represent any particular policy doctrine. It aims to contribute to economic policymaking in Europe through open, facts-based, and policy-relevant research, analysis, and discussion. See [www.bruegel.org](http://www.bruegel.org) for more information.

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