
Contents

Preface	ix
Introduction	xi
Chapter 1. The Monetary Steps that Preceded the Introduction of the Euro	1
1.1. The lack of a sustainable international monetary system	1
1.1.1. From the gold standard to the gold exchange standard system.	2
1.1.2. The Bretton Woods international monetary system	3
1.1.3. The International Monetary Fund (IMF), guarantor of the Bretton Woods Agreements	4
1.1.4. The end of convertibility of the dollar and the instability of floating exchange rates	5
1.2. From the Treaty of Rome to the Maastricht Treaty	8
1.2.1. The lack of a monetary target at the beginning of the European Economic Community	8
1.2.2. The Werner Plan and the temporary failure to establish an Economic and Monetary Union	10
1.2.3. The Single European Act and the Delors Report	14
1.2.4. The Maastricht Treaty	18
1.3. Monetary experiences prior to the euro	19
1.3.1. The snake in the tunnel	20
1.3.2. The European Monetary System (EMS)	22
1.3.3. The European Monetary Cooperation Fund (EMCF)	25
1.3.4. The European Monetary Institute (EMI)	26

Chapter 2. The Monetary Policy Decisions Facing the European Monetary Institute	33
2.1. The central bank, Bank of Banks	35
2.1.1. The original function of the lender of last resort.	35
2.1.2. The modern function of lender of last resort	37
2.1.3. Controversy over the choice of body to control banking risks.	39
2.1.4. The limitations of the lender of last resort	41
2.2. The central bank, a body responsible for monetary policy	44
2.2.1. Conditions for implementing monetary policy.	45
2.2.2. The main objective of the fight against inflation	47
2.2.3. Methods for achieving the objective of maintaining price stability	49
2.2.4. Monetary policy tools	50
2.3. The independence of the central bank	53
2.3.1. Institutional independence.	54
2.3.2. Effective independence	57
Chapter 3. Monetary Policy Conducted by the European Central Bank	61
3.1. The monetary policy in force when the euro was introduced.	62
3.1.1. The bodies responsible for European monetary policy.	63
3.1.2. Organization of payment and prudential control systems	67
3.1.3. The choice of monetary policy objective	69
3.1.4. Monetary policy tools	72
3.1.5. Independence of the European Central Bank.	75
3.2. Developments in conventional monetary policy between 1999 and 2007	77
3.2.1. Bank liquidity factors	77
3.2.2. Interest rates	83
3.2.3. Refinancing tools	87
3.3. Non-conventional monetary policy since 2008	94
3.3.1. The evolution of liquidity needs	95
3.3.2. Interest rates that gradually became zero and even became negative	97
3.3.3. Refinancing operations	102

Chapter 4. Consequences of the European Central Bank's Monetary Policy	117
4.1. Monetary consequences	118
4.1.1. About the balance sheet of the European Central Bank	118
4.1.2. On the monetary aspects of the euro zone	125
4.1.3. Improvements in banking and financial prudential supervision	130
4.2. Economic consequences	133
4.2.1. An increase in fluctuating price	134
4.2.2. Limited growth and an unemployment that is difficult to combat	136
4.2.3. A heavily deteriorated fiscal situation and public debt	138
Conclusion	145
References	151
Index	153