



# The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability

Martin Feldstein

JOURNAL OF ECONOMIC PERSPECTIVES

VOL. 11, NO. 4, FALL 1997

(pp. 23-42)

Download Full Text PDF  
(Complimentary)

Article Information

Comments (0)

## Abstract

EMU would be an economic liability. A single currency would cause, at most, small trade and investment gains but would raise average cyclical unemployment and possibly raise inflation, perpetuate structural unemployment, and increase the risk of protectionism. EMU is nevertheless being pursued in order to create a political union. Fundamental disagreements among member states about economic policies, foreign and military policies, and the sharing of political power are likely to create future intra-European conflicts. A United Europe would be a formidable participant in the twenty-first century's global balance of power, with uncertain consequences for world stability and peace.

## Citation

**This website uses cookies.**

1997. "The Political Economy of the European Economic and Monetary Union: Political Sources of an Economic Liability." *Journal of Economic Perspectives*, Vol. 11, No. 4, Fall 1997, pp. 23-42. DOI: 10.1257/jep.11.4.23

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept

Choose Format:



## JEL Classification

**F02** International Economic Order

**F15** Economic Integration

**F36** Financial Aspects of Economic Integration

Find us on Facebook and X (formerly Twitter).

 @AEAJournals

 @AEAJournals

 @AEAInformation

 @ASSAMeeting

 @JOE\_listings

Copyright 2024 American Economic Association. All rights reserved.

[Terms of Use & Privacy Policy](#)

### This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept