OPTIMUM CURRENCY AREA THEORY
ANALYSIS OF EUROPEAN MONETARY INTEGRATION

INTRODUCERE ÎN TEORIA ZONELOR MONETARE OPTIME. ANALIZA ASUPRA INTEGRĂRII MONETARE EUROPENE

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Abstract:
As part of the December 1991 Maastricht Treaty on European Union, the European Economic Commission outlined a plan to achieve the creation of a single European currency starting in 1999. Despite concerns, starting January 1, 1999, the new common currency – Euro – came into existence, the exchanges rates of countries entering the monetary union were fixed permanently to the Euro, the European Central Bank took over monetary policy from the individual national central banks, and the governments of the member countries began to issue debt in Euros. In early 2002, Euro notes and coins began to circulate and by June 2002, the old national currencies were phased out completely, so that only Euros could be used in the member countries. We presented a short survey of empirical studies on the OCA theory in connection with the European Monetary Union and Romania. However, just being closely linked to each other through trade and capital flows is not enough reason to adopt a common currency. We can think of this as being a necessary condition but not a sufficient condition for monetary union: we need to dig deeper into the economic analysis of Optimal Currency Areas.

***Key words**: Optimum Currency Area Theory, European Monetary Union, Maastricht Treaty Criteria, Central Banking.*