

## 論文の英文要旨

### A Proposal for Strengthening Optimum Currency Area (OCA)

Naohisa MURAKAMI

This thesis economic theories and ideas related to the European economic and monetary union (EMU), which forms the crux of European integration projects carried out over the past 60 years in the post-World War II environment, albeit with many twists and turns.

Two interrelated issues serve as the axes for this work.

The first issue involves the history and limitations (possibilities as well) of the much-touted optimum currency area (OCA) theories, which had been expected to prop up the EMU theoretically, but was actually not referred to so much by Eurocrats in the transition to the third and final stage of the EMU. The author attempted to verify the relevance of the early OCA theories championed by Mundell, McKinnon and Kenen in the 1960s by operationalizing a regression model devised by Bayoumi and Eichengreen (1996 and 1997).

The second issue is the eurozone crisis. The crisis started in the fall of 2009 when it was found out that the Greek government had reported to the European Commission manipulated fiscal deficit figures, though the deterioration of the southern European country's fiscal situation began several years earlier. In the background of the Greek plight lie country-by-country budgetary arrangements in the eurozone which uses the common currency euro. The eurozone crisis was triggered by not just structural factors inherent in the 19-country grouping but the ongoing structural metamorphosis of the world economy as exemplified by the rise of emerging countries. This thesis shall also dwell on the European Union's measures to stem the eurozone crisis and forestall its recurrence.

The two issues were then linked up in an attempt to devise strengthened OCA theories that can ensure the viability and durability of a common currency area. OCA theories have been so far considered as yardsticks for

judging whether a certain candidate country can join a common currency area.

The paper then took stock of the comprehensive proposals to improve and strengthen the EMU governance designed to stop the crisis and prevent its recurrence.

Of the array of comprehensive measures, the keenest attention focuses on the June 2012 Van Rompuy Report which set out a triad of measures of fiscal integration, banking union and integrated economic policies to correspond with the fiscal (debt) crisis, the financial crisis and the economic crisis respectively, as well as the political union needed to promote the triad measures as a whole.

On the basis of these comprehensive measures, the author identified seven indispensable agenda items for the EU/eurozone. The first three are short-term measures: (1) drastic strengthening of fiscal discipline, (2) debt restructuring accompanied by managed default and the creation of a European IMF, and (3) the ECB's unlimited buying of indebted countries' government bonds. The second measure was first implemented in March 2012 for part of the Greek government bonds held by private-sector banks as a precondition for Athen's receiving of the second bailout funds from the EU and the IMF. The European Stability Mechanism (ESM), which was established in October 2012, could be construed as a precursor of a European IMF. In September 2012, the ECB decided to go ahead with direct purchases of heavily indebted countries' government bonds on condition that the country concerned apply for ESM funds and promised to carry out fiscal consolidation. This is dubbed as the Outright Monetary Transaction (OMT) scheme.

The mid- to long-range agenda items are (4) the introduction of common Eurobonds and the establishment of a debt redemption fund designed to buy up heavily-indebted countries' legacy debts, (5) Strengthening of financial regulatory and supervision systems as well as the establishment of a pan-Europe resolution mechanism and a pan-European deposit insurance mechanism (the establishment of a banking union), (6) reform of economic structures to reinforce the industrial competitiveness and promote economic growth, and (7) the establishment of a European treasury ministry and creation of relevant systems. The strengthening of fiscal discipline (1) could also be listed as a mid- to long-term measure. Beyond these measures lies

the need to form a political union.

The author, drawing on implications of the 2013 Cypriot banking crisis as well as the 2012 Van Rompuy report's triad, identified economic policy integration (growth strategy) and banking union as the two conditions (elements or properties) needed to reinforce OCA theories. The banking union proposal has three pillars: ①the unification of bank supervision, ② the establishment of a pan-European bank resolution mechanism, and ③the creation of a pan-European deposit insurance mechanism.

The repercussions of the problems involved in the banking sector of the EU and the eurozone are being felt and will be felt not just in the eurozone but other parts of the world. Brussels, which has been working out prototype global standards on the bank capital adequacy ratios and liquidity requirements, are expected to try to make them compatible with the proposed EU-wide bank supervision arrangements.

The eurozone crisis is a triple crisis, combining a fiscal (debt) crisis, a financial (banking) crisis, and an economic crisis stemming from the lack of competitiveness. This is the essence of the eurozone crisis.

In the circumstances, it would be indispensable for the EU/eurozone to realize a fiscal union centering on the issuance of common Eurobonds, a banking union, and a growth strategy led by structural reforms and the reinforcement of competitiveness.

In connection with the title of this thesis, the author identified growth strategy and banking union as two conditions (elements) that should be added to existing OCA theories to make them relevant in terms of the durability of a common currency area.

The situation is still precarious in the EU/eurozone, with indebted southern countries becoming wary of austerity policies, while Germany and other northern countries becoming fed up with the burdens of assisting profligate southern countries. The political landscapes in many eurozone countries are alarming with far left or far right populist political parties increasingly gaining ground. Apparently, there is not much time left for the eurozone countries to devise a lasting and solid mechanism to sustain the eurozone.

Last but not least, the author discussed the *raison d'être* of the EU, which houses most of the eurozone countries, from the perspectives of the world history and civilizations..