This PDF is a selection from a published volume from the National Bureau of Economic Research

Volume Title: Europe and the Euro

Volume Author/Editor: Alberto Alesina and Francesco Giavazzi, editors

Volume Publisher: The University of Chicago Press

Volume ISBN: 0-226-01283-2

Volume URL: http://www.nber.org/books/ales08-1

Conference Dates: October 17-18, 2008

Publication Date: February 2010

Chapter Title: Front matter, acknowledgements, table of contents

Chapter Author: Alberto Alesina, Francesco Giavazzi

Chapter URL: http://www.nber.org/chapters/c12011

Chapter pages in book: (cover - x)











Edited by Alberto Alesina and Francesco Giavazzi



Europe and the Euro







Europe and the Euro



National Bureau of Economics Conference Report

Europe and the Euro

Edited by Alberto Alesina and Francesco Giavazzi

The University of Chicago Press

Chicago and London

ALBERTO ALESINA is the Nathaniel Ropes Professor of Political Economy at Harvard University, visiting professor at the Innocenzo Gasparini Institute for Economic Research (IGIER), Bocconi University, and a research associate of the National Bureau of Economic Research. Francesco Giavazzi is professor of economics at Bocconi University, visiting professor at the Massachusetts Institute of Technology, and a research associate of the National Bureau of Economic Research.

The University of Chicago Press, Chicago 60637 The University of Chicago Press, Ltd., London © 2010 by the National Bureau of Economic Research All rights reserved. Published 2010 Printed in the United States of America

19 18 17 16 15 14 13 12 11 10 1 2 3 4 5 ISBN-13: 978-0-226-01283-4 (cloth) ISBN-10: 0-226-01283-2 (cloth)

Library of Congress Cataloging-in-Publication Data

Europe and the euro / edited by Alberto Alesina and Francesco Giavazzi.

p. cm. — (National Bureau of Economic Research conference report)

Includes proceedings of the National Bureau of Economic Research conference, held Oct. 2008.

Includes bibliographical references and index.

ISBN-13: 978-0-226-01283-4 (alk. paper)

ISBN-10: 0-226-01283-2 (alk. paper)

1. Euro—Congresses. 2. Euro area—Congresses. 3. Monetary policy—European Union countries—Congresses. 4. European Union countries—Economic integration—Congresses. 5. Economic and Monetary Union—Congresses. I. Alesina, Alberto. II. Giavazzi, Francesco. III. Series: National Bureau of Economic Research conference report.

HG925.E87 2009 332.4'94—dc22

2009025748

National Bureau of Economic Research

Officers

John S. Clarkeson, *chairman*Kathleen B. Cooper, *vice-chairman*James M. Poterba, *president and chief executive officer*

Robert Mednick. treasurer

Kelly Horak, controller and assistant corporate secretary Alterra Milone, corporate secretary Gerardine Johnson, assistant corporate

secretary

Directors at Large

Peter C. Aldrich Jessica P. Einhorn Alicia H. Munnell Elizabeth E. Bailev Mohamed El-Erian Rudolph A. Oswald Richard B. Berner Jacob A. Frenkel Robert T. Parry John H. Biggs Judith M. Gueron James M. Poterba John S. Clarkeson Robert S. Hamada John S. Reed Don R. Conlan Karen N. Horn Marina v. N. Whitman Kathleen B. Cooper John Lipsky Martin B. Zimmerman

Charles H. Dallara Laurence H. Meyer George C. Eads Michael H. Moskow

Directors by University Appointment

George Akerlof, *California, Berkeley*Jagdish Bhagwati, *Columbia*Glen G. Cain, *Wisconsin*Ray C. Fair, *Yale*

Franklin Fisher, Massachusetts Institute of Technology

Mark Grinblatt, California, Los Angeles Saul H. Hymans, Michigan

Marjorie B. McElroy, Duke

Joel Mokyr, Northwestern
Andrew Postlewaite, Pennsylvania
Uwe E. Reinhardt, Princeton
Nathan Rosenberg, Stanford
Craig Swan, Minnesota
David B. Yoffie, Harvard

Arnold Zellner (Director Emeritus), *Chicago*

Directors by Appointment of Other Organizations

Jean-Paul Chavas, Agricultural and Applied Economics Association

Gail D. Fosler, The Conference Board Martin Gruber, American Finance Association

Timothy W. Guinnane, *Economic History*Association

Arthur B. Kennickell, American Statistical Association

Thea Lee, American Federation of Labor and Congress of Industrial Organizations

William W. Lewis, Committee for Economic Development

Robert Mednick, American Institute of Certified Public Accountants Angelo Melino, Canadian Economics Association

Harvey Rosenblum, National Association for Business Economics

John J. Siegfried, American Economic Association

Directors Emeriti

Andrew Brimmer Lawrence R. Klein Peter G. Peterson
Carl F. Christ Franklin A. Lindsay Eli Shapiro
George Hatsopoulos Paul W. McCracken Arnold Zellner

Relation of the Directors to the Work and Publications of the National Bureau of Economic Research

- 1. The object of the NBER is to ascertain and present to the economics profession, and to the public more generally, important economic facts and their interpretation in a scientific manner without policy recommendations. The Board of Directors is charged with the responsibility of ensuring that the work of the NBER is carried on in strict conformity with this object.
- 2. The President shall establish an internal review process to ensure that book manuscripts proposed for publication DO NOT contain policy recommendations. This shall apply both to the proceedings of conferences and to manuscripts by a single author or by one or more co-authors but shall not apply to authors of comments at NBER conferences who are not NBER affiliates.
- 3. No book manuscript reporting research shall be published by the NBER until the President has sent to each member of the Board a notice that a manuscript is recommended for publication and that in the President's opinion it is suitable for publication in accordance with the above principles of the NBER. Such notification will include a table of contents and an abstract or summary of the manuscript's content, a list of contributors if applicable, and a response form for use by Directors who desire a copy of the manuscript for review. Each manuscript shall contain a summary drawing attention to the nature and treatment of the problem studied and the main conclusions reached.
- 4. No volume shall be published until forty-five days have elapsed from the above notification of intention to publish it. During this period a copy shall be sent to any Director requesting it, and if any Director objects to publication on the grounds that the manuscript contains policy recommendations, the objection will be presented to the author(s) or editor(s). In case of dispute, all members of the Board shall be notified, and the President shall appoint an ad hoc committee of the Board to decide the matter; thirty days additional shall be granted for this purpose.
- 5. The President shall present annually to the Board a report describing the internal manuscript review process, any objections made by Directors before publication or by anyone after publication, any disputes about such matters, and how they were handled.
- 6. Publications of the NBER issued for informational purposes concerning the work of the Bureau, or issued to inform the public of the activities at the Bureau, including but not limited to the NBER Digest and Reporter, shall be consistent with the object stated in paragraph 1. They shall contain a specific disclaimer noting that they have not passed through the review procedures required in this resolution. The Executive Committee of the Board is charged with the review of all such publications from time to time.
- 7. NBER working papers and manuscripts distributed on the Bureau's web site are not deemed to be publications for the purpose of this resolution, but they shall be consistent with the object stated in paragraph 1. Working papers shall contain a specific disclaimer noting that they have not passed through the review procedures required in this resolution. The NBER's web site shall contain a similar disclaimer. The President shall establish an internal review process to ensure that the working papers and the web site do not contain policy recommendations, and shall report annually to the Board on this process and any concerns raised in connection with it.
- 8. Unless otherwise determined by the Board or exempted by the terms of paragraphs 6 and 7, a copy of this resolution shall be printed in each NBER publication as described in paragraph 2 above.

Contents

	Acknowledgments	ix
	Introduction Alberto Alesina and Francesco Giavazzi	1
1.	The Breakup of the Euro Area Barry Eichengreen Comment: Martin Feldstein	11
2.	The Euro and Structural Reforms Alberto Alesina, Silvia Ardagna, and Vincenzo Galasso Comment: Otmar Issing	57
3.	The Euro and Firm Restructuring Matteo Bugamelli, Fabiano Schivardi, and Roberta Zizza Comment: Gianmarco I. P. Ottaviano	99
4.	Business Cycles in the Euro Area Domenico Giannone, Michele Lenza, and Lucrezia Reichlin	141 447
5.	Comment: Tommaso Monacelli The Estimated Trade Effects of the Euro: Why Are They Below Those from Historical	
	Monetary Unions among Smaller Countries? Jeffrey Frankel Comment: Silvana Tenreyro	169

viii Conter	1tc

6.	A New Metric for Banking Integration in Europe Reint Gropp and Anil K Kashyap Comment: Loretta J. Mester	219
7.	Why the European Securities Market Is Not Fully Integrated Alberto Giovannini Comment: Richard Portes	255
8.	The Euro and Fiscal Policy Antonio Fatás and Ilian Mihov Comment: Roberto Perotti	287
9.	How Central Bankers See It: The First Decade of European Central Bank Policy and Beyond Stephen G. Cecchetti and Kermit L. Schoenholtz <i>Comment:</i> Pervenche Berès	327
10.	Reevaluating Swedish Membership in the European Monetary Union: Evidence from an Estimated Model Ulf Söderström	379
11.	Euro Membership as a U.K. Monetary Policy Option: Results from a Structural Model Riccardo DiCecio and Edward Nelson Comment on Chapters 10 and 11: Carlo A. Favero	415
	Contributors Author Index Subject Index	455 457 463

Acknowledgments

It was an honor to be invited by Martin Feldstein to organize a National Bureau of Economic Research (NBER) conference on "Europe and the euro" on the occasion of the tenth anniversary of the European Central Bank. For the past thirty years, Marty, in his role as president of the NBER, has encouraged leading economists to do high-quality empirical research, informed by economic theory, with relevance for policymakers. A key guarantor of the quality of this research is the NBER conferences at which economists from academia, the public sector, and the private sector gather to discuss their work. The resulting NBER conference volume is a lasting record of the conference and an influential outlet for the chapters presented there. We are particularly pleased that Marty participated in the conference and contributed to this volume with a discussion.

Special thanks are due to Carl Beck, Lita Kimble, and Helena Fitz-Patrick from the NBER and to Parker Smathers from the University of Chicago Press, as well as to the Innocenzo Gasparini Institute for Economic Research (IGIER) and Bocconi University, which hosted the conference, and to Corriere della Sera, who hosted the conference dinner. The local organization would not have been possible without the dedication of Ornella Bissoli at the IGIER.