

# THE DEVELOPMENT OF THE EUROPEAN ECONOMIC AND MONETARY UNION– THE EUROPEAN ANSWER TO THE SUPREMACY OF THE DOLLAR

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## Abstract

*The current paper makes an overview of the development of the European Monetary System after the Second World War and is also describing the establishment of the single European currency, the euro. The authors present the scenarios that were proposed in that period, and conclude by explaining the actual steps that lead to the creation of the European Monetary Union and the establishment of the euro.*

**Keywords:** *euro, central bank, the ECU, the European Monetary System*

**JEL Classification:** N10, N14, E42

## 1. INTRODUCTION

This paper presents the steps that had been undertaken in order to reach an European Community using the euro. The process, as will be seen from the content was not easy. There are many voices who have become increasingly vocal after the recent crisis in Southern Europe that prevent the introduction of the European single currency in the European Union. This paper does not aim to discuss how the European single currency was conceived, there are already many research of the topic, among which the authors Bernd Kempa, Adair Turner (Adair Turner, Building a successful EMU, European Business Review, Vol 98 , Issue 2, 1998), Anghel Rust (Rust Anghel, The European Monetary and Economic Union, the STI present form, exposit to insurmountable Difficulties, International Journal of Social Economics, Vol 28, Issue ½, 2001).

## 2. THE INTERNATIONAL MONETARY SYSTEM AFTER THE SECOND WORLD WAR

After World War II specialists in economics, financiers and politicians have sought solutions to the global monetary system. Discussions were not new as these were augmented by the Great Depression (Angels, W. v., 2007) – it is also important to remember the Keynesian project on Clearing Union, and one of Harry Dexter White, advisor to the Treasury Secretary, published in 1942 (Renter, P. and Cambacan, J. 1980) and especially the concept launched by the Bretton Woods Conference in July 1944. After the war, there was a major change in regards to the monetary system. The period during which the gold – standard, the convertibility of currency into gold was guarantee and exchange market intervention, already belonged to history.

Basically since 1936, no currency was convertible in the traditional sense. In 1944 following the Bretton Woods Conference the International Monetary Fund and the so called World Bank Group (Mauro, F., 1971) were created. These institutions have contributed, along with many other economic, financial and political institutions to the change of the international monetary system since 1945.

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