



France and the EURO

Benefits and Drawbacks

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Agenda



INTRODUCTION



BENEFITS



DRAWBACKS



POLITICAL AND
SOCIAL
ASPECTS

Introduction

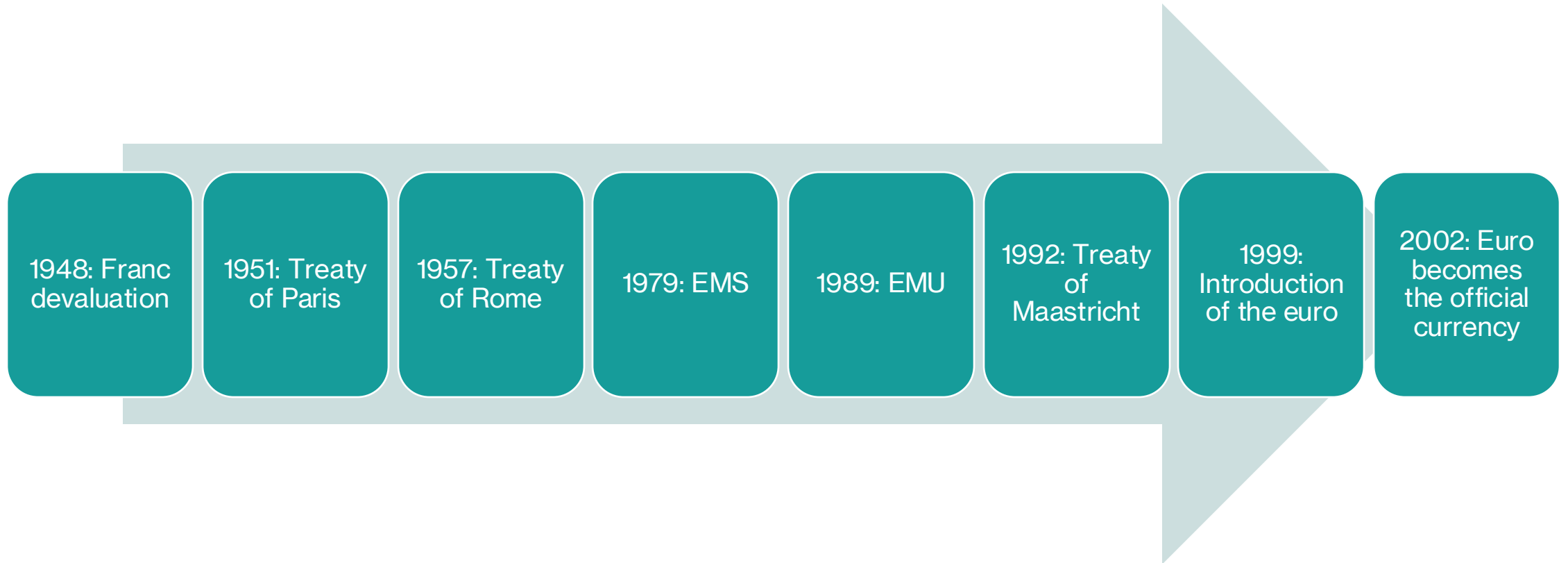




**Brief history of France
adopting the euro:**

When did it happen?

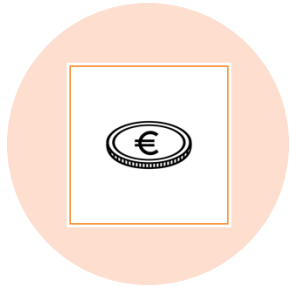
Key milestones



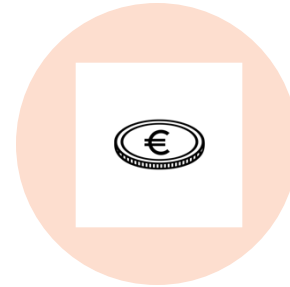
France decided to join the **Eurozone** because...



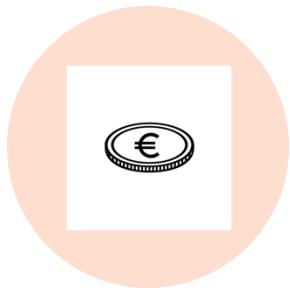
...economic reasons



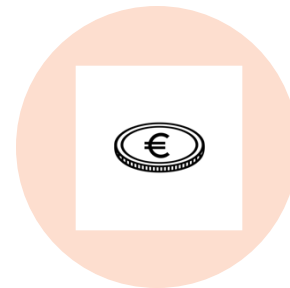
Elimination of
exchange rate
fluctuation



Reduction of
transaction costs



Price stability and
inflation control



Increased foreign
investments

...political reasons



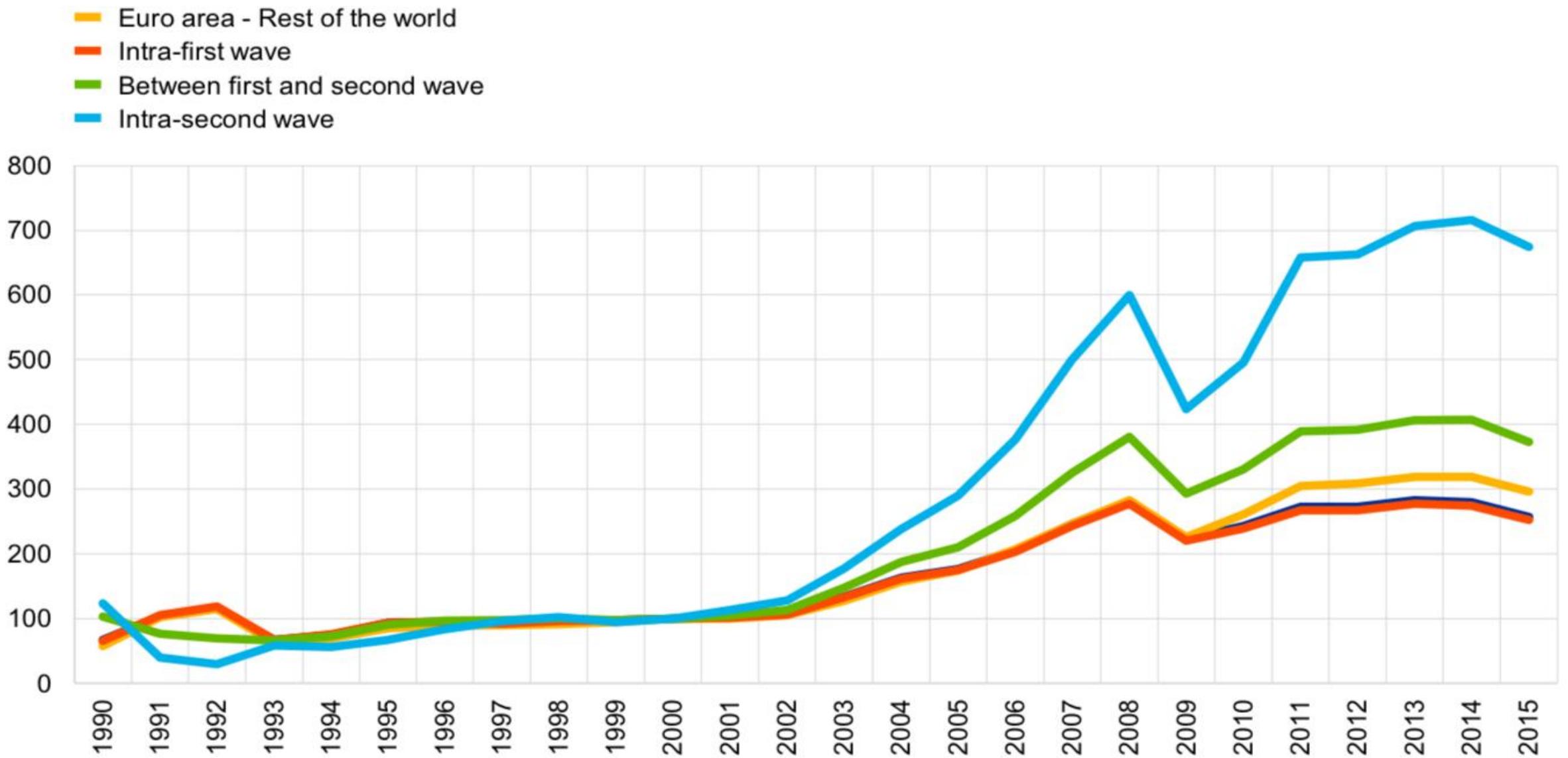
Stronger European
unity



Balancing
Germany's
economic power



Geopolitical
strength



Sources: Eora database and authors' calculations.

Note: Trade is the sum of nominal imports and exports.

A close-up photograph of several Euro coins and banknotes. In the foreground, a 20 Euro coin is prominent on the left, and a 1 Euro coin is standing upright on the right. Other coins are stacked in the background. The background also shows blurred Euro banknotes. The word "Benefits" is written in a large, white, sans-serif font across the center of the image.

Benefits



Guess what ...

... How many French
support the EURO?

**78% of euro area citizens,
and 74% of French support
the EURO.**

But why?

Consumers

Business

State



Consumers benefit because ...



There is more competition



Prices are stable



Borrowing is easier and cheaper



Traveling is easier and cheaper

Consumers benefit because ...



There is more competition



Prices are stable

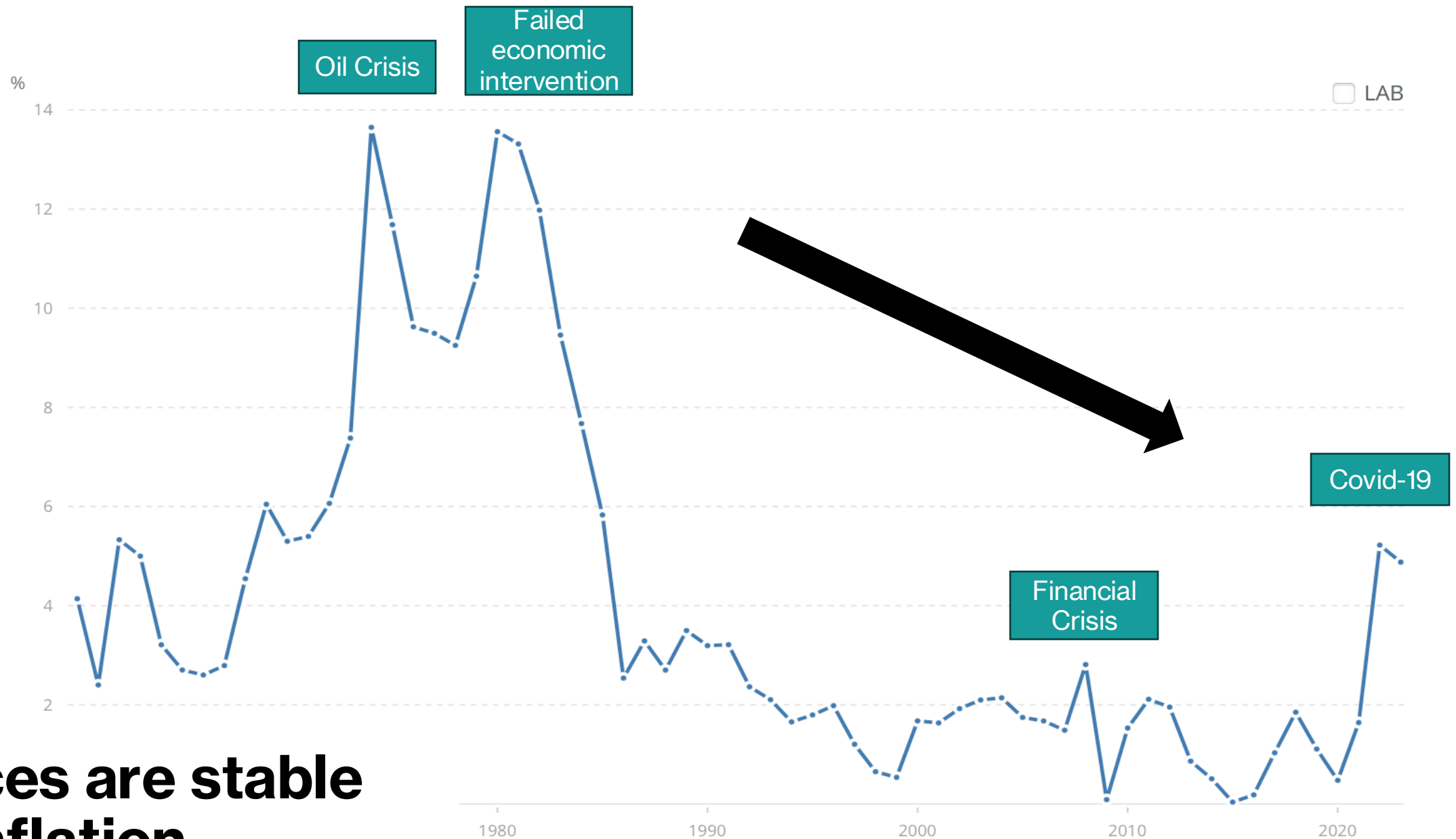


Borrowing is easier and cheaper



Traveling is easier and cheaper

Prices are stable ... Inflation



Consumers benefit because ...



There is more competition



Prices are stable



Borrowing is easier and cheaper



Traveling is easier and cheaper

Consumers benefit because ...



There is more competition



Prices are stable



Borrowing is easier and cheaper



Traveling is easier and cheaper

Business benefits because...



**Low interest rates
increase investment**



Economic stability
encourages long-term
planning



Lower risks
encourage cross-
border trade



Removing exchange
rate costs stimulates
trade and investment

Business benefits because...



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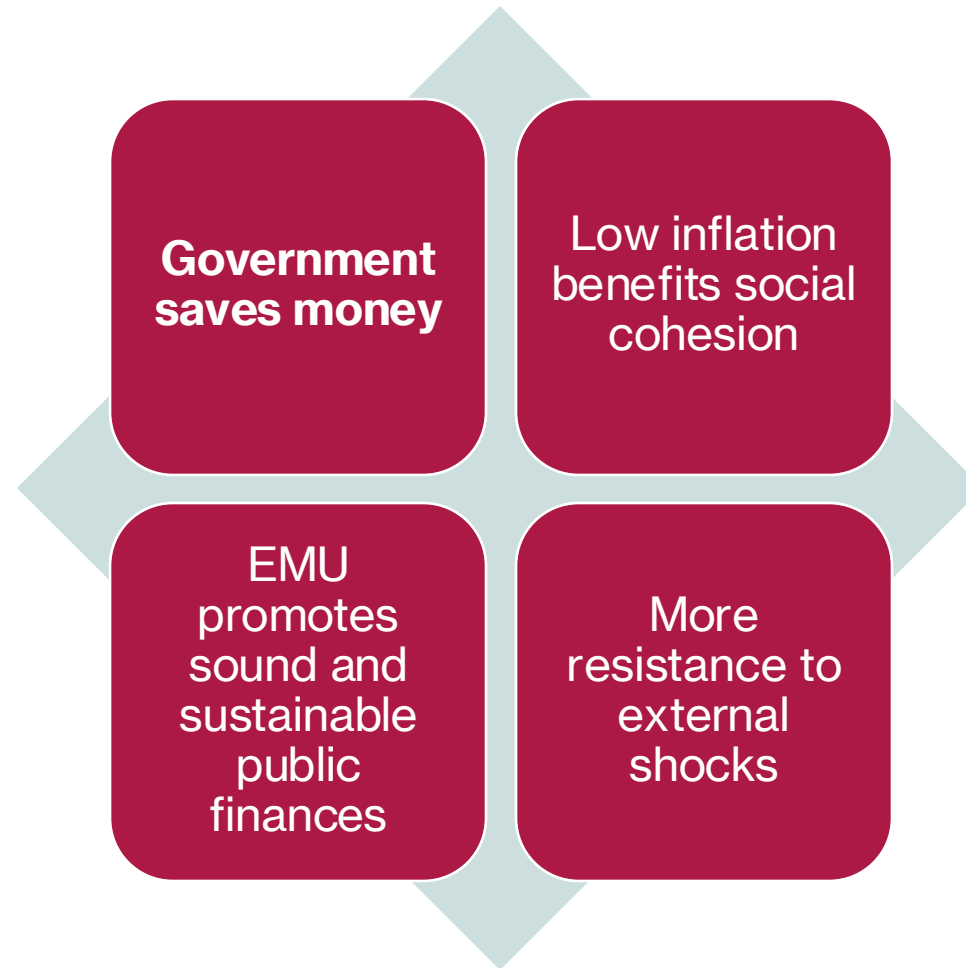


Lower risks
encourage cross-
border trade

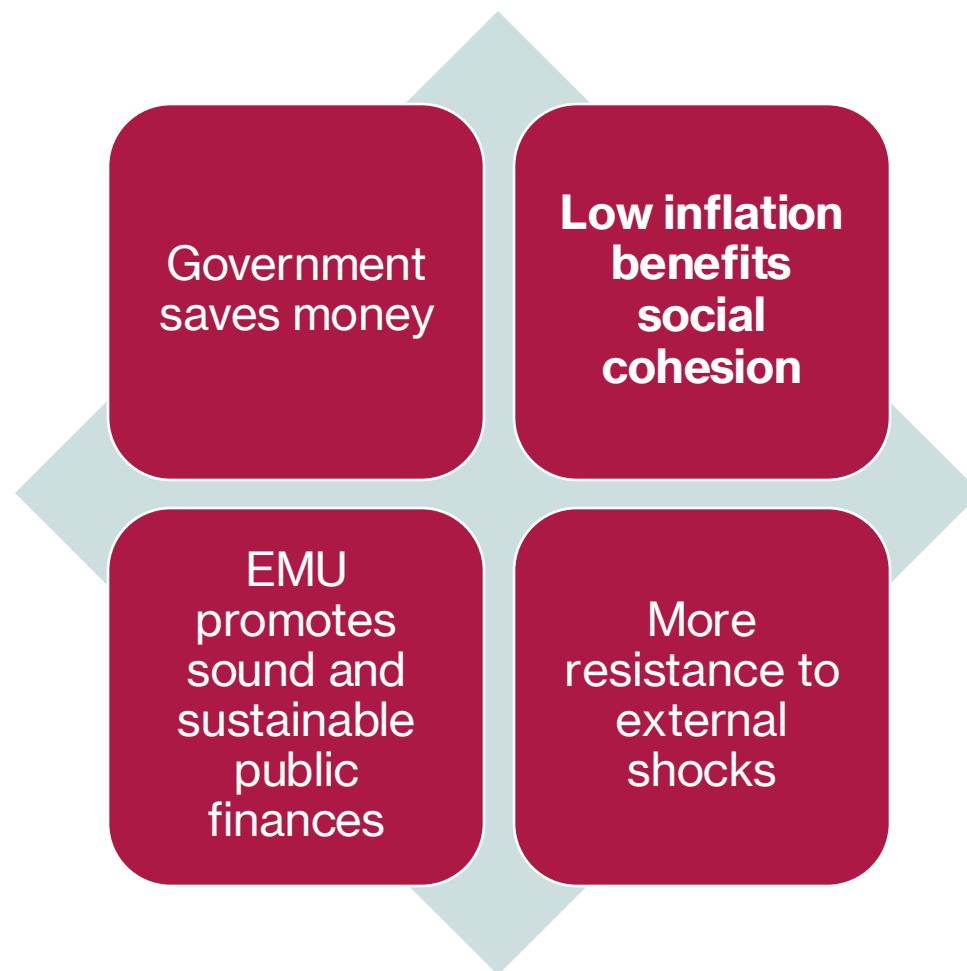


**Removing exchange
rate costs stimulates
trade and investment**

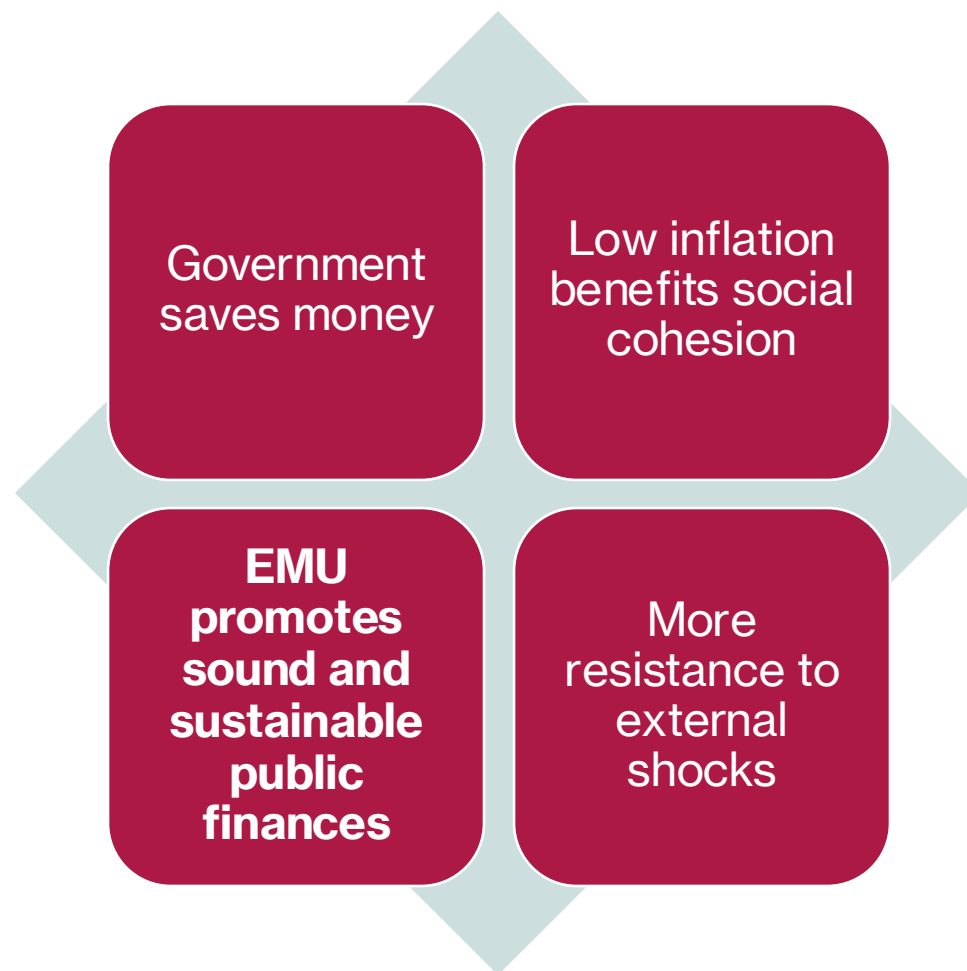
State benefits because ...



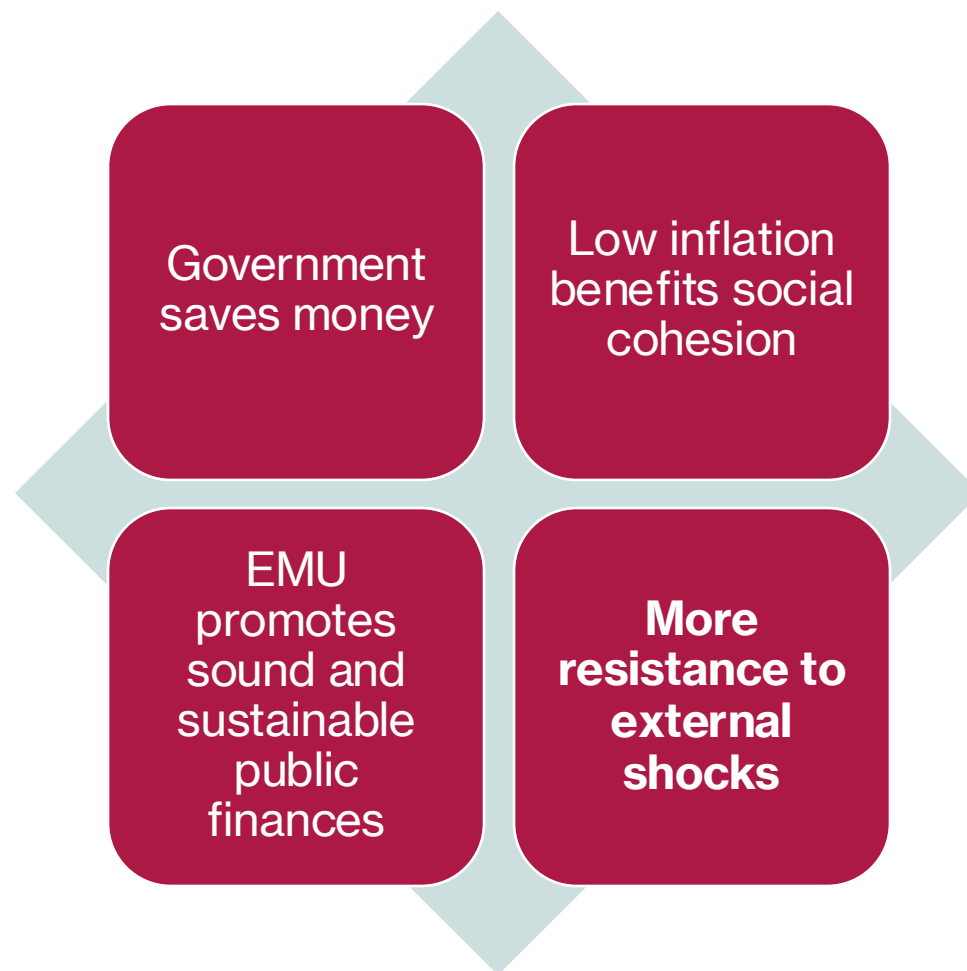
State benefits because ...



State benefits because ...



State benefits because ...



A close-up, slightly blurred image of a blue Euro banknote. The focus is on the texture of the paper and the embossed details. The word "Drawbacks" is superimposed in the center in a bold, white, sans-serif font. The background shows the characteristic blue color of the Euro, with some yellow circular patterns and the embossed number "20" visible on the left side.

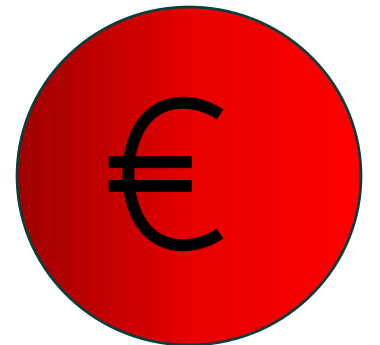
Drawbacks



Do you know how much **control**
France has over its economic
policies within the Eurozone?

France has **very little control over its economic policies within the Eurozone...**

Now we will see why!





1. Loss of monetary
policy control

2. Challenges during
economic crises

3. Impact on
competitiveness and
ec. growth

4. Eurozone debt crisis and
its effects on France

1. Loss of monetary policy control

**Impossibility to set
own interest rates**

Single monetary
policy for all
Eurozone countries

1. Loss of monetary policy control

Impossibility to set
own interest rates

**Single monetary
policy for all
Eurozone
countries**

2. Challenges during economic crises



Impossibility to adjust exchange rate



Fiscal adjustments

2. Challenges during economic crises



Impossibility to adjust exchange rate



Fiscal adjustments

3. Impact on competitiveness and economic growth



French labour costs are higher



Obligation to rely on structural reforms

3. Impact on competitiveness and economic growth



French labour costs are higher



Obligation to rely on structural reforms

4. The Eurozone debt crisis and its effects on France



Contribute to bailouts for struggling Eurozone countries



Higher borrowing costs and strict budgetary rules

4. The Eurozone debt crisis and its effects on France

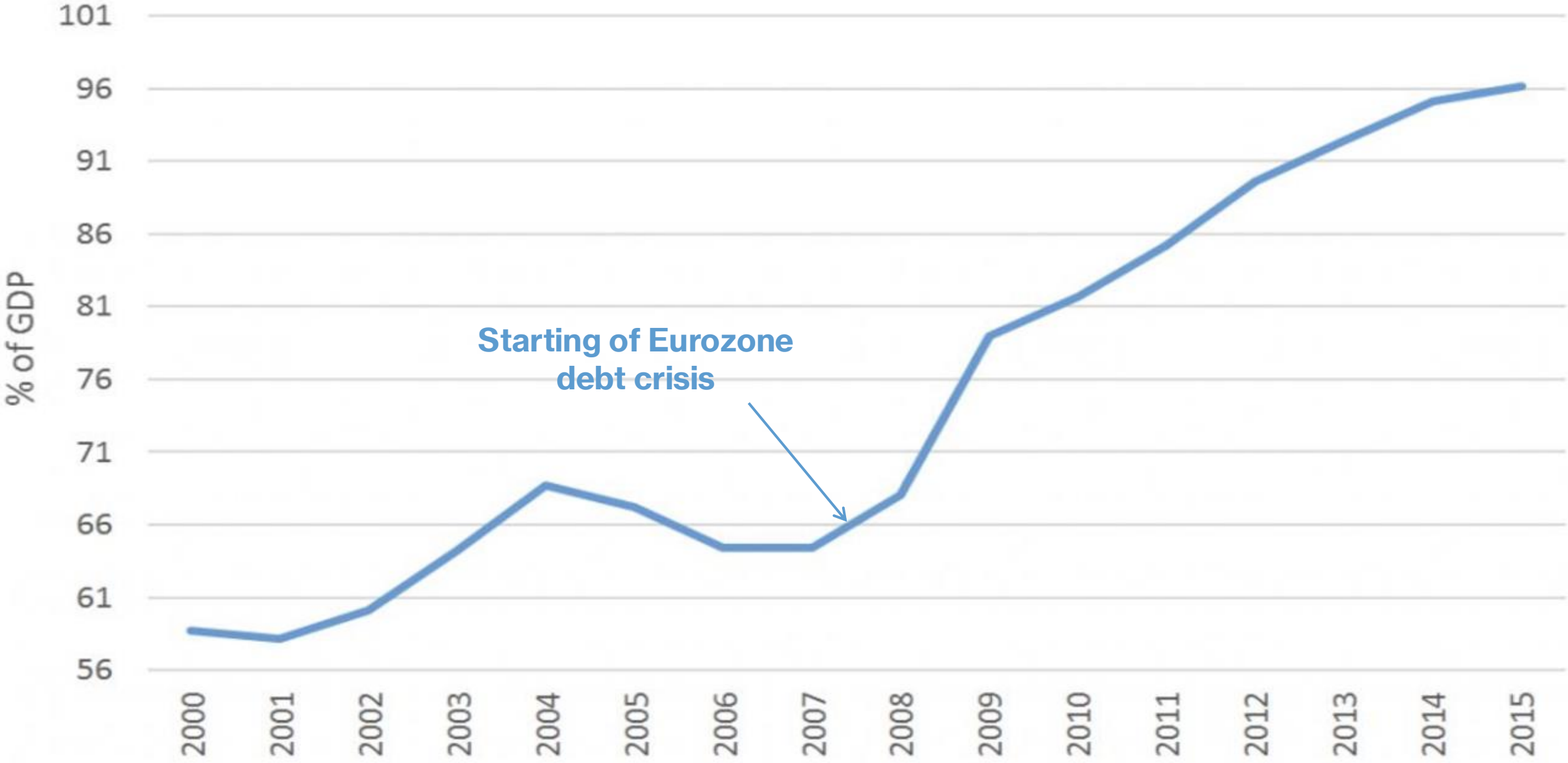


Contribute to bailouts for struggling Eurozone countries



Higher borrowing costs and strict budgetary rules

France: Government Debt (% of GDP)





POLITICAL AND SOCIAL ASPECTS

French public opinion on the EURO:

**Have they always had the same
opinion about it?**



Key trends on the public opinion

Initial optimism (1999-2007)

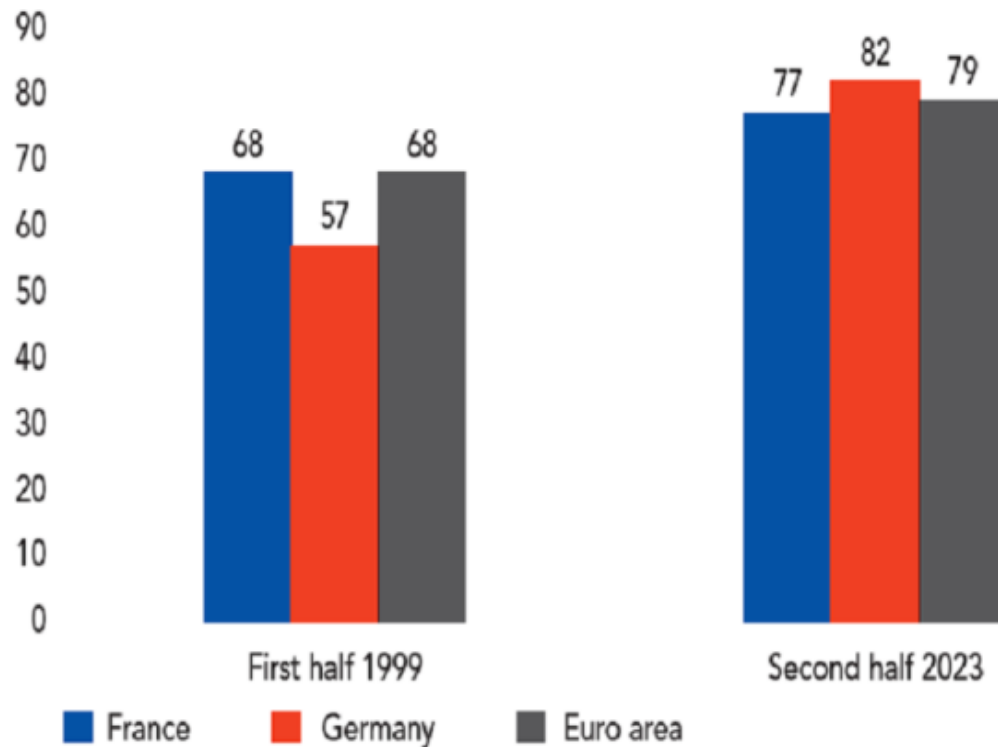


Skepticism (2008>)



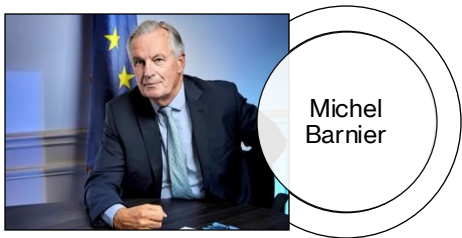
Renewed support (2015>)

What the public's trust can be attributed to?



... inflation was kept in check!

POLITICAL DEBATE: SHOULD FRANCE LEAVE THE EURO?



... multiple arguments

PRO



Monetary sovereignty



More competitive exchange rates



Reduced regulations



AGAINST



Economic instability



Loss of investments



Higher costs for business and
consumers



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