



NEWS RELEASE

The Federal Reserve Bank of St. Louis
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WHAT'S THE FATE OF THE ECONOMIC MONETARY UNION?

FOR MORE INFORMATION CONTACT:
Charles Henderson at (314) 444-8311 or
Joe Elstner at (314) 444-8902

95-95

FOR RELEASE OCTOBER 24, 1995

ST. LOUIS — Will the European Monetary Union (EMU) happen? If so, when?

With the deadline for union fast approaching — the end of 1996 — economist Patricia S. Pollard examines the prospects in "EMU: Will It Fly?," an article in the current issue of *Review*, the bimonthly research journal of the Federal Reserve Bank of St. Louis.

Prior to EMU, countries must meet criteria regarding their interest rates, inflation rates, government finances and exchange rates. Given current conditions, however, it's unlikely that a majority of countries will fulfill these criteria by the end of 1996. Given this lack of progress, Pollard examines the conflicting viewpoints within the European Union and the two options available if it wishes to pursue EMU: relax the criteria or the timetable.

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Other articles in this issue of *Review* are:

- “Changes in Inventory Management and the Business Cycle,” by economist Donald S. Allen, who looks at whether changes in business inventory are expected to have a major impact on the amplitude or duration of the business cycle;
- “Is There a Case for ‘Moderate’ Inflation?,” by economists Alvin L. Marty and Daniel L. Thornton, who review the two primary objections to making price stability the primary goal of monetary policy, namely: (1) Moderate inflation is good for the economy, and (2) It’s less costly to live with moderate inflation than to eliminate it; and
- “Evaluating the Efficiency of Commercial Banks: Does Our View of What Banks Do Matter?,” by economists David C. Wheelock and Paul W. Wilson, who investigate how different conceptions of bank production affect their measured inefficiency.

The Federal Reserve Bank of St. Louis serves the Eighth Federal Reserve District, which includes all of Arkansas, eastern Missouri, southern Indiana and Illinois, western Kentucky and Tennessee, and northern Mississippi. The Bank has branches in Louisville, Memphis and Little Rock.

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