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THE ECONOMIC PROS AND CONS FOR LATVIA JOINING THE EUROPEAN MONETARY UNION

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Abstract

The article analyses the economic advantages and disadvantages Latvia, as well as the other relatively new EU member states, may potentially gain after joining the European Monetary Union (EMU).

The theoretical part of the article provides analysis of the hindrances countries face when participating in a cross-border trade, evaluates the existing theories on the optimal currency area, and scrutinizes the pros and cons for a country being a member of a currency union from microeconomic and macroeconomic aspects. Based on the theoretical background, there is generated a model demonstrating the correlation between the volume of exports and a number of external factors. The statistical investigation proved that the developing countries go through the recent financial crisis smoother when being members of the EMU. Therefore, the author concluded that the membership in the EMU would have a positive influence on the economy of Latvia.

Keywords: the European Monetary Union, the Optimal Currency Area, single market, growth.

Introduction

Research problem, novelty and relevance

The creation of the European Monetary Union (EMU) is considered to be one of the most relevant achievements of the European Union (EU). The launch of the common currency is next to the last stages of economic integration before the complete integration, providing a wide range of opportunities to all the stakeholders.

On 1 January 1999 eleven countries started the Euro process. Today the number of countries that have replaced their national currencies by the Euro is sixteen. For the time being, some of the EU member states do not meet the Maastricht requirements for joining the euro zone, and, therewith, stay currently out of the EMU. However, three European economies – the United Kingdom, Sweden and Denmark – deliberately decided to keep the British pound sterling, the Swedish krona and the Danish krone respectively in circulation. These countries anticipate from being tightly bound with the other 27 EU states not only advantages, but also potential hidden threats to their economies from being too open and dependant on the common economic weather forecast.

The question whether joining the Euro zone will bring benefits to Latvia and other relatively new EU member states or will be harmful to their economies is quite often asked by public. The discussions around the topic have lasted for quite a long time, thus there are a lot of arguments for and against the introduction of a single European currency. Entrepreneurs, citizens and politicians should clearly understand the consequences of the euro process started in order to choose the right strategy for the further action. Now it is the most suitable time for carrying out the research on the issue as the world financial crisis has accelerated the economic processes, and trends have become much more visible.

Research subject: As a subject of the research the author has chosen the European economies with different living standards, where the euro currency has been already launched or the national currency has been still kept. The author compares how the mentioned economies function and cope with the world financial slowdown. On the example of Latvia, the author has composed a model mathematically demonstrating the importance of having the same currency for international trade partners.

Research aim: The aim of the research is to find out the economic advantages and disadvantages of participating in the EMU for the new EU member states with reference to the example of Latvia, as well as to draw the conclusion towards which decision – for or against the euro – the scales of benefits of the currency union oscillate.

Research objectives: Research objectives are to scrutinize the existing theories on single currency areas; to study existing models of optimal size of a common monetary union, defining benefits and threats of being a member of such a union; to create a model demonstrating the relevance of a single currency for cross-border trade; to compare the economic situation in countries that are inside or outside of the

EMU, and to reach a conclusion what Latvia and other new members of the EU have lost or gained being outside of the EMU during the world financial crisis.

Research methods: To work out the paper the author has used analytical and graphical methods, such as comparative method, factor determination method, specifications method, meta-analysis, ethnographic/qualitative analysis and others, to process and analyze the available information, as well as applied mathematical and statistical methods (modulation of optimization, macroeconomics methods) of economics, quantitative and qualitative methods for statistical data analysis. For the reflection of correlation between the factors characterizing the effectiveness of cross-border trade and export, the author has applied quantitative and qualitative methods.

Theoretical justification of currency specialisation and endogeneity of currency union

So much of barbarism however still remains in the transactions of most civilised Nations, that almost all independent countries choose to assert their nationality by having, to their own inconvenience and that of their neighbours, a peculiar currency of their own.

John Stuart Mill

The world history knows a number of currency unions, for example, the African CFA Franc, the East Caribbean Dollar, the British Pound, the U.S. Dollar, etc., and it seems economists should be able to draw up conclusions on expediency of the existence of monetary unions scrutinizing the issue *ex post*. During the crisis in Latin America food prices in Nicaragua, which had a flexible monetary system and its own floatable currency with no peg to a stronger currency, boosted from a value of 100 per unit in 1980 to nearly 1 trillion in 1991, and its GDP contracted by 3.5% per person per year. In contrast, Panama, which had a more "pegged" system, had the lowest inflation in the continent and the highest real growth. Another example is the Asian crisis of 1998: countries having more "rigid" exchange rates (Hong Kong and China, and less so Taiwan and Singapore) were demonstrating much better performance than those with flexible rates (Cordeiro, 2008 p.14.). Economists Anderson and van Wincoop in their work argue that the presence of an international border is estimated to reduce trade among industrialized countries by 30% and between the United States and Canada by 44%. (Alesina, Barro, Tenreyro, 2002). Moreover, recent empirical analyses of the 'euro effect' suggest that the single currency has increased trade by 5 to 15 percent in the euro-zone when compared to trade between non-euro countries (Wikipedia, 2009).

Nevertheless, several top economies of the European Union are still determined to stay outside the EMU, seeing threats for their economies from being too open to all the 27 member states, which, according to Accession Treaty, sooner or later will have to introduce the single European currency.

To understand the sense of participating in EMU or any other currency union, let us first analyse the functions of money as such. According to the macroeconomics theory, money has three main functions: it acts as a medium of exchange, a store of value and a unit of account (Šenfelde, 2007) (see Table 1).

Table 1

The functions of money and the international trade

Medium of exchange	**Store of Value**	**Unit of Account**
• Information – Exchange rate; – Calculations to convert. • Floating value	• Liquidity • Stability	• Transaction costs • Certainty • Interest

In international trade each of the mentioned functions beclouds additional hindrances to easily making use of a foreign currency. When **buying and selling** a product or service, value of which is expressed in a foreign currency, parties need to spend extra resources to convert the value to the form understandable for them, and therefore the <u>information</u> on the value expressed in a foreign currency is incomplete and should be first mathematically processed. A customer should find out the up-to-date currency exchange rate and calculate the price in domestic money. Therewith, customers in export markets prefer quotes in their own currencies to compare the available tenders easier. Moreover, as a result of a transaction one of the parties does not get the desirable "local" money, but an intermediate product – another currency, which should be converted into the target value. Quite often suppliers face a dilemma in which currency to quote prices because of <u>floating exchange rate</u>, as the value producers plan to get could change because of shakes in a currency rate. Due to this, even countries like the United Kingdom, which are not in the EMU, may find that businesses trading with the euro zone quote their prices in euro.

A very important function of money is to **store value** over time. Talking about international trade, foreign money should be accepted by all the trade partners, otherwise the idea of money storage loses its purpose. Difficulties for exporting companies can cause high inflation and an inconsistent economic situation in the region. For this sake, the money should be trustable enough, demonstrating a high level of <u>liquidity and stability</u>.

Unit of account or, in other words, a common measure of value, enables both a purchaser and a seller to make a decision on the quantity of a certain product taking part in a deal. In international trade here comes a range of additional expenditures making the decision more complex. Parties should take into account transactions costs. The transaction risk occurs when an exporter quotes the prices in a foreign currency, but the currency further appreciates, diminishing the profit of the firm. At the same time, the situation can turn in favour of a seller, providing extra profits with no additional investments. Thereby, certainty is of high importance, especially for long-term investments in a foreign market. One more obstacle that cross-border entrepreneurs cannot avoid is interest rate. Brokerage is an additional source of expenditures extorted by financial institutions, which serve international transactions. Unstable situation in politics or economy can cause speculations and elevate the interest rate or make it fluctuate (Cavusgil, Knight, Riesenberger, 2008).

A question of levering the economic effectiveness and prosperity of a country by applying the most suitable model of a monetary system through the creation of a currency union or maintaining a separate currency in a certain region was already studied in the 18th century by a world-known economist Adam Smith.

For the first time the optimal currency area (OCA) was defined by Canadian economist Mundell in 1961, as a currency area for which the costs of relinquishing the exchange rate as an internal instrument of adjustment are outweighed by the benefits of adopting a single currency or a fixed exchange rate regime (Ricci, 1997). The theme was further developed by such world-famous economists as Ishiyama (1975), Tower and Willet (1976), Masson and Taylor (1992), Krugman (1992), De Grauwe (1992), Bofinger (1994), Ricci (1997), etc., and is still topical today (Horvath, 2003).

The creation of the OCA makes the process of cross-border trade more rational by eliminating the above-mentioned barriers for international transactions. The classical comprehension of the benefits of the OCA at the macroeconomics level is usually expressed by the Mundell-Fleming model, where the following macroeconomic effects of diminishing the obstacles the flow of different money creates in international trade, are addressed:

- Economic openness, price and wage flexibility, similarity in inflation rates;
- Mobility of labour and other factors of production (natural allocation of resources to where they are needed);
- Diversification in production and consumption;
- Fiscal and political integration (Mongelli, 2002; Ricci, 1997).

Later, similarity of shock and correlation of incomes were also added to the aspects mentioned (Mongelli, 2002).

Summarizing the benefits ensured by the effective exploitation of the functions of money, and the advantages stressed in the theories of the OCA, the author has formulated the following generalization of **the benefits a country gets when participating in the EMU**:

1. The currency union makes the single market more integrated, provides greater price transparency that discourages price discrimination, decreases market segmentation, and fosters competition. As a result the EMU strengthens the internal market for goods and services, encourages trade, lowers investment risks, and promotes cross-area foreign direct investments and enhances resource allocation.
2. An increase in overall economic stability and growth ensures the general price steadiness and the access to broader and more transparent financial markets, at the same time expanding the availability of external financing. Moreover, a member of the EMU has higher reliability among its trade partners, even if it has faced high inflation, fluctuations of output and employment due to incorrect policies in the past.
3. Sound single currency may become lucrative for countries that are beyond the borders of the OCA. In that case countries that are not members of the EMU start using the single currency for their transactions, therefore the members of the EMU do not need to convert money even dealing with the foreign currency states as third parties (Mongelli, 2002).

Nevertheless, even in the EU, there are such strong economies as Sweden, Denmark and the United Kingdom, which prefer to stay out of the EMU. It is important to realize that participation in a currency union also makes its members face **additional costs and risks**:

1. A country has to spend on switching to a new currency. These costs include administrative, legal and equipment adaptation costs, such as adjustment of contracts and vending machines, creation of a new public institution supervising the process, etc. There also appear costs from a short-term slowdown in the economic activity resulting from psychological adjustment of people to the new conditions. Furthermore, if a country chooses a wrong nominal exchange rate, it may become too competitive or not competitive at all in respect of the other members. As a result, the country or its neighbours are to take additional costs until the market finds new equilibrium.

2. The membership in a currency area narrows the range of policy instruments directly available to national governments. The responsibility for setting the monetary policy and exchange rates is transferred to the supranational Central Bank. If the EMU non-member country, for example, the United Kingdom, was to be hit by a negative shock, it should ideally cut its own country-specific interest rate. The United Kingdom has used the possibility during the recent financial crisis, and has devaluated its national currency in order to make the locally manufactured products more competitive abroad and to stimulate export. If the country had the euro, this would have been impossible.

National governments derogate from the option of "inflating away" their national debt in the future. Asymmetric shocks are considered to undermine the real economy, thus if they are too important and cannot be controlled, a regime with floating rates is considered to be better, because the common monetary policy (interest rates) will not fit the unique situation of each particular country.

Furthermore, when a member country demonstrates higher nominal price and wage rigidities than the other countries in the currency union, the lower inflation rate in the area can increase its frictional unemployment (until the rigidities are reduced by means of structural reforms). The fall in wages because of lower inflation rate causes migration of workers and lack of labour force in certain regions, that actually happened, for example, in southern Italy after the latter joined the EMU.

3. The members of the OCA are to share the costs arising from external interactions of the union with other trade partners. If one or more member countries show bad performance results suffering, for example, from budget deficit, the economic strength of all the union decreases, breaking down good reputation and confidence even of those members that still have their heads above water. Even within the EMU the situation among its members differs to a great extent. For instance, unemployment rate in the United Kingdom in June 2009 was 7.8%, which was lower than the average indicator of the euro area (9.4%); better statistics were only in 7 countries out of 16 EMU members (Belgium, Cyprus, Germany, Luxemburg, Malta, the Netherlands, Austria and Slovenia) and in 10 countries out of 27 EU member states. (Mongelli, 2002; Eurostat, 2009; Layard, Buiter, Huhne, 2002). Consequently, the interest rate of the common currency will suffer because of the rest 9 countries of the EMU.
4. A country can lose its potential revenue when possessing some exclusive natural resources and exporting them to markets having different currencies. One of the reasons why Great Britain is reluctant to join the EMU is its oil reserves (Layard et al., 2002). If the price for exported oil increases, the value of national economy goes up as well, and the floating exchange rate ensures the possibility to appreciate the currency rate, attracting foreign direct investments to the growing economy.

In order to protect the powerful economies of the EMU from slowing down because of beggar-my-neighbour policy of economically weaker members, as well as to ensure the economic prosperity and sustainable growth of the EMU, its creators have introduced the convergence or Maastricht criteria, which are obligatory to be met by the newcomers. A country can launch the euro currency instead of the national one, when it ensures (1) price stability (consumer price inflation rate not higher than 1.5% above the rate of the 3 best performing member states); (2) fiscal stability (government deficit not larger than 3% of GDP and government debt comprises not more than 60% of GDP); (3) long-term interest rate (exceeds by no more than 2% the rate of the three member states best performing in terms of price stability); (4) monetary stability of the national currency by participating in the Exchange Rate Mechanism II for a minimum period of two years (the European Communities, 1992).

Nevertheless, as practice and historical experience show, the fulfilment of the convergence criteria today does not guarantee the successful performance of a country tomorrow. Over time the situation can change; and meeting the criteria does not secure that a country will be as economically strong as its EMU counterparts in the future. Already in 1962 Mundell along with Fleming noted that it is impossible to simultaneously have domestic autonomy, price stability, *and* free capital flows – that two, and only two, of these objectives could be met (www.economicexpert.com, 2009). There is no universal answer to whether participation in the currency union is to be favourable for a country or not – each case should be viewed separately. The size, track record and the current level of competitiveness of a country is of high importance when making decision for or against the participation in a union.

As a result of the qualitative analysis of the above described advantages and disadvantages of membership in the EMU, the author has concluded that Latvia as a small developing country would gain from joining the EMU. First of all, for the time being, Latvia has to work hard to meet the Maastricht criteria. The achievement of the settled indexes will already mean that Latvia has reached a certain degree of economic prosperity. Secondly, Latvia will be preserved from external shocks – in case of the world economic troubles the gap between strong and weak economies increases, and Latvia in this case could be considered as a part of a common strong economy (The Bank of Latvia, 2009). The conclusion of the author finds its confirmation through the analysis of the statistical data further in the article.

Quantitative analysis of the effectiveness of currency union

Research methodology

In the practical part of the article, with the help of the "E-views" software (produced by Quantitative Micro Software) the author has generated an equation showing the correlation between the value of Latvian export to Sweden (it is one of the most significant trade partners of Latvia, which does not participate in the EMU) and a range of the independent (external) factors. In the equation the external factors are associated with the numerically expressed coefficients, which show the importance of a certain factor for the economy of Latvia.

The author has studied statistics on performance of different countries that are or are not the members of the EMU, comparing their ability to meet the challenge of the recent world financial crisis. The author has linked the statistical data to the effectiveness of the economic umbrella of the EMU in each particular case of the countries studied. By the analysis of the statistical data, the author has also found practical confirmation of the advantages and disadvantages the EMU, presented in the theoretical part of this article.

Research results

The theoretical background given above defines that participation in a currency union fosters trade, promotes cross-area foreign direct investments and enhances resource allocation. From microeconomics point of view it is known that the intensity of trade depends on relations between supply and demand, which, in their turn, are closely connected with price. Price in international trade could be expressed by the following equation:

$$P_{i(\text{inter})} = \frac{\lambda C_i}{S}$$

where, $P_{i(inter)}$ is price of the good *i* in a foreign currency, Ci– marginal costs, λ – a mark-up, *S* – the domestic currency price of foreign exchange (Parsley, 2002).

Usually, in a production process labour costs make a considerable part of production costs. However, additional expenditures, as it was already mentioned in the theoretical part of the article, come from cross-border transactions and can be partly expressed by an index characterizing the floating currency exchange rate. Foreign direct investments are the blood of a business, especially in case of small economies that usually face a lack of domestic resources. Latvia, as a developing country, is not an exception.

Therewith, for further analysis of the hedges existing in international trade, the author assumes that export volume of a country (E) is basically affected by the following factors:

- Currency exchange rate – R;
- Foreign direct investments – I;
- Labour costs – L;

The above-mentioned factors can be put together and expressed by a single function:

$$E = f(R; I; L)$$

The author has focused her attention on the three factors to make the analysis more accurate and transparent, however it is possible to extend the function by including many more factors that also have an impact on export. However, due to the expansion of the function, it becomes more disintegrated, and it is problematic to correctly interpret the behaviour paradigm of each particular component. In order to evaluate the significance of each of the above-mentioned factors for export, the author has calculated the correlation between the Latvian export to Sweden (a country that does not participate in the EMU) and the external factors covered by the function – the Swedish Krona versus the Latvian Lats exchange rate, Swedish foreign direct investments to Latvia, and labour costs in Latvia or, in other words, general level of remuneration. The author also admits that the labour costs imply the level of inflation in the country as well – the higher inflation rate is, the faster is the growth of labour costs in the production process.

For the analysis the author used the "E-views" software, which provides great possibilities for statistical analysis, forecasting and modelling. The author chose the logarithmic function to project an appropriate trend, as it is proven to be the most suitable for modelling of the economic processes and it conforms to the rules of the marginalism principle, which states that the margin utility of a dependant (endogenous) factor decreases with an increase in value of independent (external) factors. The author assumes that the function of export can be expressed in the following way:

$$\log(E) = c(1) + c(2)\log(R) + c(3)\log(I) + \\ + c(4)\log(L)$$

Where: E is the dependant variable (the volume of Latvian export to Sweden);

R, I, L are the independent variables already described above;
C(1), C(2), C(3), etc. are the coefficients assigned to each variable.

For the analysis of the correlation between the dependant variable and the independent variables the author used the statistical data of the time period from 1996 to 2008. As a result of the data analysis by means of the E-Views software, the author has generated the following equation with clearly defined coefficients associated with each of the external variables:

$$\log(E) = 1.77224717 - 0.1665296215*\log(R) + $$
$$+ 0.9289658924*\log(I) + 0.5387063845*\log(L)$$

In order to prove the suitability of the generated equation for the analysis, as well as to eliminate an error, the author has evaluated the following characteristics of the equation:

1) The probability of the coefficients of all the variables ranges from 0 to 0.63 out of the maximum 4. It means that the coefficients are reliable enough.
2) The R-squared of the equation is 0.965357, which is a good result, being quite close to 1. If the result is equal to 1, the regression fits perfectly.
3) The Durbin-Watson coefficient of the equation is 1.896852. The value of the index is close to "2", therefore the model does not show a positive serial correlation (autocorrelation). (Quantitative Micro Software, 2004)

As a result of the evaluation of the mentioned characteristics, the author admitted that the equation can be used for further analysis of the international trade expressed by the function of export.

According to the equation, export volume is affected by external factors in the following sequence, starting with the factors of the strongest correlation and influence: the Swedish direct investments (0.92896), labour costs in Latvia (including inflation index) (0.5387), and the exchange rate of Swedish Krona to Latvian Lats (0.1665).

The index characterising the exchange rate is displayed in the equation as having a smaller impact on the volume of export in comparison to investments and the labour costs. However, we cannot neglect such a relevant fact that in the analysis the author has used the factors that, according to the theory, all are of high importance to cross-border trade. Secondly, the Swedish investments to Latvian economy partly depend on the currency exchange rate as well. Hence the index of currency to some extent overlaps with the other factors influencing international trade. Notwithstanding, the author considers the currency exchange rate factor being a relevant component of the export equation. As a result of mathematical study the author has drawn a conclusion that along the other external factors, currency fluctuations play a relevant role for Latvian-Sweden trade relations, though due to relative stability of the Swedish Krona exchange rate the correlation with the volume of export is quite moderate in a long term.

The coefficients generated by the equation find their confirmation in the statistical overview. The author has examined the data on the performance of selected countries during the recent financial crisis. A rapid decline of the total economic activity in the EU started in 2008. According to the forecasts of the European statistical bureau (Eurostat), in 2009 the GDP growth rate in Latvia is -13%, in Lithuania -11%, Estonia -10.3%, and Hungary -6.3% (see Figure 1).

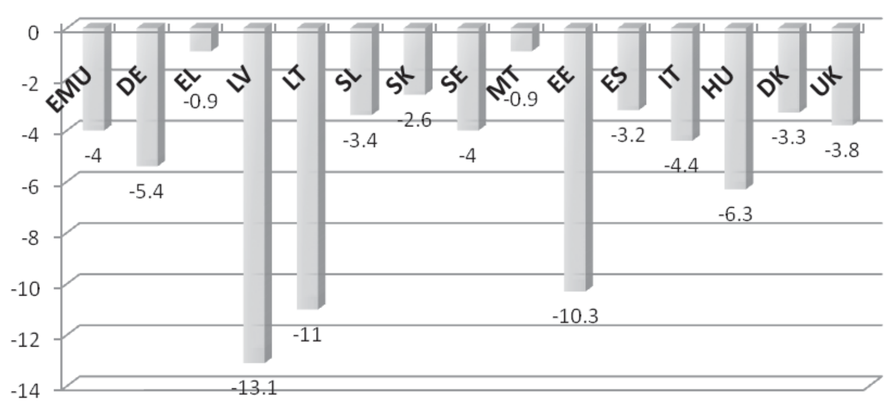

Figure 1. Real GDP growth rate in 2009, %
(Eurostat, 2009)

At the same time the EMU member countries that have had approximately the same economic track records as the above-mentioned economies, undergo the financial crisis much more successfully – the growth rate in Greece is -0.9%, Slovenia -3.4%, Slovakia -2.6%, Malta -0.9%, Spain -3.2%. The data demonstrate that the participation in the EMU considerably reduces the external shocks of the crisis. However, the most powerful countries of the union take the main shoot of the recession at themselves sharing their stability and prosperity with all the EMU brothers. Therewith, the economic slump in, for example, Germany (-5.4%) or Italy (-4.4%) exceeds the EMU average slowdown of -4%. Speaking about the EU countries staying out of the monetary union, Sweden has the downturn of -4% (which is better than the results of, for instance, Germany), the United Kingdom -3.8%, but Denmark has a downturn of only -3.3 percentage points.

The author believes that if Latvia or other relatively new EU member states were in the EMU, the consequences of the recent financial crisis could be definitely less painful – there would be no dramatic inflation of 17.5% in May 2008 leading to the credit boom and chaotic waste of money in consumption, as a consequence, there would not be such a dramatic shrinkage of economy by 19.6% during the 2nd quarter of 2009 in comparison to the same period in 2008, the unemployment rate of 12.8% in the 2nd quarter of 2009, and consolidated debt of government and municipalities of 3 990.0 million lats in July 2009 after Latvia received the second portion of the credit from the European Commission and issued the Treasury bills (The Bank of Latvia, 2009).

The law of equality is clearly visible, and the statistics one more time proves that a country should apply individual approach when deciding which strategy to prefer – the specialization of a national currency or the endogeneity of a currency union.

Conclusions

In her research the author concluded that:

1. The membership in the EMU provides to the stakeholders a wide range of benefits – higher integrity of the single market ensures greater price transparency that discourages price discrimination, decreases market segmentation and fosters competition. As a result, the EMU strengthens the internal market for goods and services, encourages trade, lowers investment risks, and promotes cross-area foreign direct investments and enhances an effective allocation of production resources. The EMU acts as an umbrella by protecting each member state from the negative external shocks and rapid changes in economic and political environment.
2. The members of the EMU should also take into account the additional risks and expenses the EMU brings: the costs of switching to a new currency, the limitations in policy instruments directly available to national governments, and the highest degree of harmonization of welfare among all the regions. The author considers that one of the most significant risks a country should accept is the loss of the option of "inflating away" the national debt in case the economy has to overcome a negative external shock.
3. Upon completion of mathematical analysis, the author concluded that the foreign direct investments, labour costs and currency fluctuations play a highly significant role in the volume of export and international trade. The participation in the EMU eliminates additional costs connected with the currency exchange rate, therewith simplifying and facilitating international business relations between countries.
4. The universal answer "for" or "against" the participation in the EMU does not exist, and each particular case of a candidate-country should be reviewed separately. As the EMU smoothens all the dissimilarities among its members, the biggest winners from participation in such a union are economically weaker countries, because the most powerful members should partly donate the guilds of their performance for the overall wellbeing pulling up the economies of the developing brothers.
5. The author considers that Latvia, as well as other relatively new EU member states, would definitely gain from participating in the EMU. Therewith, one of the main priorities Latvia should currently set is the fulfilment of the convergence criteria and the facilitation of the process of integration into the EMU.

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O. Bogdanova

Экономические плюсы и минусы для Латвии, вступая в Европейский монетарный союз

Резюме

Научная статья "Экономические плюсы и минусы для Латвии, вступая в Европейский Монетарный Союз" посвящена проблеме введения единой Европейской валюты в страны Европейского союза (ЕС). На сегодняшний день в Европейском Монетарном Союзе (ЕМС) состоят 16 из 27 стран-членов ЕС. Некоторые страны не в ступают в зону евро, т.к. не выполняют установленные обязательные критерии, когда как другие, такие как Дания, Швеция и Великобритания, не спешат заменять национальные валюты на единую Европейскую, опасаясь слишком тесно привязывать себя к экономикам всех стран ЕС.

Цель данной статьи установить преимущества и недостатки участия в валютном обьединении, а также ответить на вопрос, экономически целесообразно ли Латвии, а так же другим, относительно молодым членам ЕС, вступать в ЕМС.

При разработке статьи автор использовала аналитические и графические методы, математические и статистические (моделирование оптимизации, макроекономические методы), а так же квантетативные и квалитативные методы для для обработки и оценки информации, анализа статистических данных и отображения корелации между факторами, характеризующими международную торговлю, и показателем экспорта.

В теоретической части статьи автор рассматривает основные функции денег с перспективы международной торговли, идентифицируя имеющиеся барьеры, с которыми сталкиваются предприятия из-за разницы в валютах на рынках. Так, к примеру, деньги не могут полноценно выполнить информационную функцию, поскольку покупателю, чтобы понять стоимость предлогаемого в другой валюте товара необходимо выяснить актуальный курс валюты и произвести математические вычисления для переведения цены в желаемую валюту. В свою очередь для продавца установление цены в валюте рынка сбыта может означать нестабильный доход от продаж, т.к. из-за изменений в курсе валют, может поменятся и конвертируемая цена предлагаемого товара. Под сомнения попадает и сберегательная функция денег, если курс валюты, в которой сбережения осуществляются, не является стабильным и ему не доверяют страны-партнеры. Немаловажно брать во внимание дополнительные затраты на проведение сделки, а также внимательно следить за ситуацией в стране-партнере, чтобы избежать потерь в результате плавающего курса валют.

Далее автор рассматривает существующие теории оптимального валютного пространства (ОВП), особое внимание уделяя модели экономиста Манделя. Автор заключает, что образование ОВП приводит к ряду макроэкономических закономерностей. К при-

меру, экономическая открытость, эластичность цен и заработной платы, единый показатель инфляции, мобильность рабочей силы и других факторов производства, фискальная и политическая интеграция, а также устойчивость к внешним воздействиям и равномерность доходов.

В результате анализа влияния ОВП на экономику отдельно взятой страны, автор выделила главные преимущества ЕМС и затраты при участии в валютном союзе. Более высокая степень взаимодействия между странами-учасниками ЕМС улучшает прозрачность цен и ограничивает ценовую дискриминацию, уменьшает раздробленность рынка и стимулирует конкуренцию. Это приводит к усилению внутреннего рынка товаров и услуг, благоприятно сказывается на торговле, уменьшает риск инвестирования, поощряет зарубежные прямые инвестиции и обеспечивает равномерное распределение ресурсов. К главным затратам и рискам при вхождении в ЕМС можно отнести расходы при переходе на другую валюту, ограничения в доступности государству прямых инструментов политики, а также равномерность уровня благосостояния между регионами, что приводит к расшатыванию сильных экономик за счет слабых. Одним из наиболее существенных рисков автор считает невозможность для страны регулировать национальный долг путем воздействия на инфляцию и курс национальной валюты при негативном внешнем влиянии на экономику.

Тем не менее, автор считает, что было бы неверно делать единый вывод для всех стран кандидатов или учасников ЕМС о пользе или вреде союза, и каждый случай должен быть рассмотрен в частности. Важно брать во внимание конкурентноспособность страны, внутренние ее проблемы и особенности в настоящее время и в прошлом. В связи с тем, что ЕМС смягчает все экономические процессы внутри евро зоны, автор пришла к выводу, что Латвии, как развивающийся стране,а также другим относительно недавним членам ЕС, крайне выгодно находиться под оберегающим зонтом ЕМС. Подтверждение этим выводам автор представила, в аналитической части статьи проанализировав статистические данные стран ЕС, в которых введен евро, и стран, где на данный момент в обороте находится национальная валюта.

В аналитической чати статьи, для определеиния факторов, наиболее сильно сказывающихся на внешней торговле страны, автор составила модель, демострирующую корелацию между рядом экзогенных факторов и экспортом. Для анализа был взят показатель экспорта Латвийского товара в Швецию (страну ЕС, не являющуюся членом ЕМС) и такие факторы, как внешние прямые инвестиции Швеции в Латвию, курс обмена валют Шветской кроны к Латвийскому лату и затраты на персонал в Латвии (что является одной из главных состовляющих затрат товаропроизводства). Выше указанные данные с 1996 по 2008 год были введены в квантатативную программу E-Views, которая расчитала численные коэфициенты значимости каждого из экзогенных факторов для уровня экспорта. Результат вычисления показал, что наиболее значимым для внешней торговли Латвии со Швецией является наличие инвестиций, далее следует уровень затрат на персонал, и завершают шкалу приоритетов колебания в курсе валют. Несмотря на то, что показатель курса валют в упомянутой модели наименьший, автор считает его достаточно весомым препядствием на пути внешней торговли. Важно осозновать, что все включенные в уравнение факторы изначально являются существенными, а наличие коэфициента при переменной курса валют (коэфициент не является равным нулю) лишь подтверждает влияние на экспорт наличия валютного барьера.

Определенные путем моделирования коэфициенты подтверждают свое право на существования также путем анализа показателей эффективности деятельности стран учасников ЕМС и стран, не являющимися членами ЕМС, в период текущего мирового финансового кризиса. Данные статистического бюро показывают, что наиболее сильный спад внутреннего валового продукта наблюдается в развивающихся странах, которые на данный момент не вступили в зону евро (Латвия, Литва, Эстония, Венгрия и т.д.). Страны, также не обладающие сильной экономикой, но являющиеся членами ЕМС (Греция, Словения, Словакия, Испания и т.д.), гораздо лучше переживают рецессию, наблюдая относительно мягкий спад в экономике. В свою очередь, наиболее сильные страны (Германия, Италия) вынуждены брать удар слабых экономик еврозоны на себя, таким образом значительно ухудшая собственные финансовые показатели и вытягивая средние показатели ЕМС.

В заключении, автор представила главный вывод проделанного анализа – Латвии, как и другим “молодым” странам ЕС, необходимо ускорить процесс интеграции в ЕМС, таким образом оберегая себя от дальнейших возможных внешних экономичсках воздействий, которые имеют разрушительное влияние на незащищенную должным образом развивающуюся экономику, а также обеспечив доступ к широким возможностям единой рыночной системы, подтягиваясь за сильными братьями ЕС.

Ключевые слова: Европейский валютный союз, оптимального валютного пространства, единого рынка, рост.