1.	Record Nr.	UNINA9910462245003321
	Autore	Lama Ruy <1975->
	Titolo	Deciding to enter a monetary union [[electronic resource]] : the role of trade and financial linkages / / prepared by Ruy Lama and Pau Rabanal
	Pubbl/distr/stampa	Washington, DC, : International Monetary Fund, 2012
	ISBN	1-4755-1226-0 1-4755-1225-2
	Descrizione fisica	1 online resource (53 p.)
	Collana	IMF working paper ; ; 12/240
	Altri autori (Persone)	RabanalPau
	Soggetti	Monetary unions International trade Electronic books.
	Lingua di pubblicazione	Inglese
	Formato	Materiale a stampa
	Livello bibliografico	Monografia
	Note generali	Description based upon print version of record.
	Nota di bibliografia	Includes bibliographical references.
	Nota di contenuto	Cover; Contents; 1. Introduction; 2. The Model; 2.1 Households, International Assets Markets, and Staggered Wage Setting; 2.2 Firms; 2.3 Closing the Model; 3. Bayesian Estimation; 3.1 Data; 3.2 Model Dynamics and Data Transformations; 3.3 Estimation: Priors and Posteriors; Tables; Table 1 Calibrated Parameters; Table 2 Prior Distributions; Table 3 Posterior Distributions, structural parameters; Table 4 Posterior Distributions, shocks parameters; 4. Policy Analysis: Welfare Gains of Entering a Monetary Union; Table 5 Second Moments; Table 6 Steady State Effects and Welfare Gains Table 7 Business Cycle Effects and Welfare Gains5. Sensitivity Analysis; 6. Conclusions; Technical Appendix; References; Figures; Figure 1 Monetary Policy Rates in United Kingdom and the Euro Area: 1999-2011; Figure 2 Trade with Euro Area in France, Germany, Italy, Spain and the United Kingdom; Figure 3 Risk Premium in France, Italy, Spain the United Kingdom; Figure 4 Impulse Response Functions to 25 basis points increase in UIP Shock; Figure 5 Sensitivity Analysis of Welfare
	Sommario/riassunto	This paper evaluates the role of trade and financial linkages in the decision to enter a monetary union. We estimate a two-country DSGE model for the U.K. economy and the euro area, and use the model to compute the welfare trade-offs from joining the euro. We evaluate two

alternative scenarios. In the first one, we consider a reduction of trade costs that occurs after the adoption of a common currency. In the second, we introduce interest rate spread shocks of the same magnitude as the ones observed during the recent debt crisis in Europe. The reduction of trade costs generates a net welfare g