

Contents

1	Interdisciplinary Introduction to Money and Currencies	1
1.1	History of Money	1
1.1.1	What Is Money?	1
1.1.2	Historical Development of Money	2
1.2	Monetary Policy Basics	5
1.2.1	Two-Tier Mixed Monetary System	5
1.2.2	Monetary Aggregates	6
1.2.3	Monetary Policy and Policy Instruments	6
1.2.4	Currencies	7
1.2.5	Monetary Policy and Fiscal Policy	7
1.3	Money and the Law	7
	References	9
2	Monetary Sovereignty and History of International Monetary Law	11
2.1	Monetary Sovereignty under Public International Law	11
2.1.1	The General Principle of Sovereignty	11
2.1.2	Monetary Sovereignty	13
2.2	History of International Monetary Law	15
2.2.1	Gold Standard	15
2.2.2	The Creation of the Bank for International Settlements (BIS)	16
2.2.3	The Establishment of the IMF	17
2.2.4	The IMF's Development	18
	References	20
3	Fundamental Legal Problems of International Monetary Relations	23
3.1	Lack of a Universal Currency	23
3.2	Convertibility	24

3.3	Exchange-Rate Systems	25
3.4	Free Movement of Capital	26
3.5	International Liquidity	27
3.6	The Trilemma of Monetary Policy	28
	References.	29
4	The International Monetary Constitution: The IMF Articles of Agreement—Institutional Design and Decision-Making	31
4.1	Institutional Design.	31
4.1.1	The IMF within the International Setting.	31
4.1.2	The Legal Framework of the IMF.	32
4.1.3	Institutional Design	33
4.2	Decision-Making Procedures/Processes.	37
	References.	39
5	The International Monetary Constitution: The IMF Articles of Agreement—Substantive Legal Obligations	41
5.1	Convertibility	42
5.2	Exchange-Rate Regimes	44
5.3	IMF Surveillance	46
5.4	Technical Assistance.	48
	References.	49
6	IMF Lending (Financial Assistance).	51
6.1	Financial Architecture and IMF Resources	51
6.1.1	Financial Architecture	51
6.1.2	Financial Resources.	52
6.2	Types of IMF Facilities	53
6.2.1	Non-concessional Financing	54
6.2.2	Concessional Financing.	55
6.3	Modalities of and Access to IMF Facilities	55
6.3.1	Access Limitations	56
6.3.2	Modalities of IMF Facilities	56
6.3.3	Conditionality	56
6.4	Crisis Management.	60
6.5	The IMF and Currency Unions.	61
6.5.1	IMF Membership.	61
6.5.2	The IMF and Currency Unions in Practice	61
	References.	62
7	History of European Monetary Law	63
7.1	The Historical Development of the European Monetary Constitution	63
7.1.1	First Initiatives of Multilateral Monetary Cooperation in Europe.	64

7.1.2	Monetary Implications of the European Integration Process	66
7.1.3	The Evolution of the European Economic and Monetary Union	67
	References.	72
8	The Legal Framework of EMU post Lisbon—Institutional Setup	73
8.1	ESCB and ECB	74
8.1.1	Institutional Design	74
8.1.2	Eurosystem Objectives and Tasks	76
8.1.3	ESCB Decision-Making.	78
8.1.4	Central Bank Independence.	79
8.2	ECOFIN Council and Eurogroup	79
8.3	Commission	80
8.4	Economic and Financial Committee	80
	References.	81
9	The Substantive Legal Foundations of EMU post Lisbon	83
9.1	Basic Features of EMU	83
9.2	Membership and Territorial Scope of the Euro Area: Ins and Outs	83
9.2.1	Convergence Criteria.	84
9.2.2	Procedure	85
9.2.3	The Exception: “Outs”	86
9.2.4	Relationship Between Ins and Outs	87
9.2.5	Termination of Membership	87
9.3	The Euro as Legal Tender	88
9.3.1	Legal Tender Status and Issuance of Banknotes and Coins	88
9.3.2	Regulations Introducing the Euro	89
9.3.3	The Euro in Third Countries	89
9.4	Free Movement of Capital and Payments	90
9.4.1	Reasons for the Liberalization	90
9.4.2	Content and Scope of the Freedom	90
	References.	92
10	The Monetary Policy of EMU	93
10.1	Legal Foundations and Limits.	93
10.1.1	What is Monetary Policy and How Does it Work?	93
10.1.2	The Eurosystem’s Monetary Policy Mandate.	95
	References.	98

11 Economic Policy Coordination in EMU	101
11.1 The Case for Economic Policy Coordination in EMU.....	102
11.1.1 Primary Law Foundations of Economic Policy Coordination.....	103
11.1.2 Secondary Law.....	107
11.1.3 Extra-Union Law Measures.....	109
References.....	110
12 The External Relations of EMU	111
12.1 The Acting Institutions/Entities.....	111
12.1.1 The Division of Competence.....	112
12.1.2 The Doctrine of Parallelism.....	113
12.1.3 Judicial Review.....	113
12.2 Exchange-Rate Policy of EMU.....	113
12.2.1 Objective of Exchange-Rate Policy.....	114
12.2.2 Formal Exchange-Rate Arrangements (Art. 219 (1) TFEU).....	114
12.2.3 Floating Exchange-Rates (Art. 219 (2) TFEU).....	115
12.2.4 Agreements Concerning Monetary or Foreign Exchange Regime Matters (Art. 219 (3) TFEU).....	116
12.2.5 Tasks of the ECB (Art. 127 (2) TFEU).....	116
12.3 International Relations of EMU.....	117
References.....	118
13 EMU and the Sovereign Debt Crisis—Legal Aspects of Financial Assistance for Member States	119
13.1 Evolution of a Crisis.....	119
13.2 Measures of Member States.....	121
13.2.1 Measures Based on Extra-Union Law.....	121
13.2.2 Measures Based on EU Law.....	125
13.3 Legal Assessment.....	126
References.....	128
14 EMU and the Sovereign Debt Crisis—Legal Aspects of Monetary Policy Responses and the Banking Union	129
14.1 The Monetary Policy Reactions to the Crisis.....	129
14.2 Non-standard Monetary Policy Measures.....	130
14.2.1 Enhanced Credit Support.....	130
14.2.2 Qualitative Easing.....	131
14.2.3 Structural Open Market Operations.....	131
14.3 Legal Assessment.....	134
14.4 Banking Union.....	136
References.....	137