

THE EURO ALSO RISES

Bala Batavia
Professor, DePaul University, 1, E. Jackson Blvd (DPC 6200),
Chicago, Ill. 60 604 USA

Parameswar Nandakumar
Professor, Indian Institute of Management Kozhikode, Kozhikode – 673 570
(email:nanda@iimk.ac.in)

Cheick Wague
Professor,
Sodertorn University of Stockholm, 14189, Stockholm

It may seem now as if prophecies for a displacement of the dollar from its position of pre-eminence in the global economy were premature. However, the last word is not said yet on the rise of the euro. In this paper, a fresh look is taken at the prospects for the euro emerging as the main vehicle and reserve currency in the world, looking in particular at the role of European financial markets and developments in the emerging markets of Asia. Output growth in the euro area and in the United States will have a decisive impact as well. The paper highlights the role of some key factors, not really taken up in related discussions thus far, which can influence the long-run global influence of the euro area economy relative to the U.S. Alternate energy source use scenarios and continued trade and financial integration in the euro area as well as in Asia are pointed out as having crucial impacts on the global role of the euro in the future.



*For further details, contact - Publications & Research Dissemination Office, IIMKozhikode,
IIMK Campus PO – 673 570, Kozhikode, Kerala, India. Phone: (91) 0495 2809126
Email:prd@iimk.ac.in.*
