

**AMOR ALAMEDA, José Manuel**

#### **Vulnerability of sovereign debt in the Economic and Monetary Union**

**Abstract:** This review of the history of the EMU since its inception to date attempts to ascertain the possible reasons underlying the change in sovereign risk premium behaviour with respect to Union economies. A discussion of the conditions that in the pre-crisis scenario favoured the absence of intra-EMU sovereign risk premiums is followed by an analysis of the crisis-induced changes that provoked the market's perception of risk associated with sovereign debt.

**Key words:** bond markets, financial contagion, sovereign debt, European Union, Member States, euro, macroeconomic policy.

**JEL classification:** E6, G1, H4, H5.

**BERGES LOBERA, Ángel; MANZANO ROMERO, Daniel and VALERO LÓPEZ, Francisco J.**

#### **The banking system and financial vulnerability**

**Abstract:** The present financial crisis has rendered the banking system perceptibly more vulnerable than it was previously, due not only to the persistence and intensity of the slump, but also to the intertwinement of bank and sovereign debt risk. The resulting vicious circle is detrimental to Spain and its financial institutions, among others, in particular its savings banks. Emergence from the crisis is consequently contingent upon the reduction of both sources of vulnerability and the construction of an economy with smaller domestic and foreign, macroeconomic and banking imbalances.

**Key words:** financial crisis, banking system, savings banks, vulnerability, sovereign debt, systemic risk, credit risk, market risk, regulation, supervision.

**JEL classification:** G21, G28, H63.

**GONZÁLEZ MORALES, M.<sup>a</sup> Olga**

#### **Self-employment in Spain in 2005-2010**

**Abstract:** This study analysed employment and unemployment rates among the self-employed. Businesses were distinguished in terms of whether or not they had employees. Empirical evidence was sought on their profile after the high shutdown rate induced by the economic crisis and possible lines of public action that might improve their

situation were studied. A discrete binary choice model was applied to Working Population Survey microdata for 2009. The employment and unemployment rates were calculated from the quarterly surveys conducted from 2005 to 2010.

**Key words:** self-employment profile, employers, businesses with no employees, employment rates, unemployment rates.

**JEL classification:** J23.

**GONZÁLEZ-PÁRAMO, José Manuel**

#### **Financial stability in the Eurozone and systemic risk**

**Abstract:** Financial stability policy and analysis have taken stock of the important changes in financial markets in recent years and converted the lessons learnt into a sounder framework of macroprudent supervision. Financial stability in the Eurozone calls for a systemic approach and the realisation that economic integration in the area must be enhanced. To attain this objective, governance must be strengthened in terms of both fiscal and economic policy to prevent the re-appearance of the severe imbalances that have built up in the past, and their grim legacy.

**Key words:** financial institution, macroprudent policy, systemic risk, sovereign debt, Eurozone, Central European Bank.

**JEL classification:** E58, G1, G28, H6.

**MALO DE MOLINA, José Luis**

#### **The crisis and insufficiencies in the institutional architecture of the single currency**

**Abstract:** The sovereign debt crisis in the euro area, in addition to initiating a critical stage in European integration, has revealed the essential fragility of the Economic and Monetary Union. Its weaknesses, which are reviewed in the present article, enabled many countries to maintain economic policies inconsistent with the new framework of monetary integration while limiting the EMU's capacity to deal with a crisis of this severity and prevent the metastasis from spreading so widely as to threaten its very continuity. Reflection on the nature of this fragility is a necessary point of departure for the pursuit of ways to surmount it.

**Key words:** Economic and Monetary Union, governance, crisis management mechanisms.

**JEL classification:** F3, F15.

**MYRO SÁNCHEZ, Rafael**

**Economic crisis and the production model**

**Abstract:** The depth of the present crisis in Spain and the difficulties inherent in economic recovery are often attributed to weaknesses in the production model, brought to light in recent years by the scant rise in productivity and a high and persistent trade deficit. The present study of these issues concludes that, aside from the excessive growth in construction and the dual and peculiar structure of the labour market, the production model has not contributed to the crisis. Production patterns have performed and continue to perform reasonably well. The origin of the crisis was uncontrolled demand-side growth based on high household indebtedness. Those circumstances, and not the production model, are what lie in the way of economic recovery. That does not mean, however, that future growth can be broached without labour market reform or a firm commitment to education and innovation.

**Key words:** economic crisis, production model, economic growth.

**JEL classification:** O11, O40, O52.

**ONTIVEROS BAEZA, Emilio**

**What the Eurozone crisis has revealed**

**Abstract:** The crisis is revealing severe limitations in the design of the final stage of European monetary union, but also in the availability of mechanisms for effective management by European Governments and authorities. The permeability of the crisis to the Eurozone banking system is also reviewed, along with its impact on the Spanish economy.

**Key words:** Government bonds, fiscal integration, banking crisis, ECB.

**JEL classification:** F33, F36, G15.

**ROLDÁN ALEGRE, José María**

**Regulatory response to the global financial crisis**

**Abstract:** The present economic crisis has led to re-regulation, globally coordinated by the Financial Stability Board and the Basel Committee, and driven by the G-20. This article reviews some of the proposals put forward. Specifically, it contains a discussion of the Basel III reform, the new framework to be applied to SIFIs (Systemically Important Financial Institutions) and the measures for regulatory arbitration in the shadow banking system. The conclusion drawn is that the main challenge facing reform is its implementation.

**Key words:** Basel III, financial regulation, banking system.

**JEL classification:** E61, G21, G28.

## RUIZ-HUERTA CARBONELL, JESÚS

### Taxation trends in Europe: fiscal harmonisation and the future of the Union

**Abstract:** In recent years, European taxation systems, characterised by the heavy weight of the tax burden, have found it difficult to finance the social spending attendant upon the Welfare State. These difficulties have intensified since the onset of the economic crisis and resulting steep decline in tax revenues. The present article reflects on the evolution of these systems, the reform pathways under study and European Union-wide harmonisation. It also addresses the need for fiscal coordination to provide economic incentives in a crisis scenario and the reasons that would justify reform of the European Union's budgetary resources.

**Key words:** taxation, tax reform, European Union financing.

**JEL classification:** H2, H3, H6.

## TORIBIO DÁVILA, Juan José

### Optimal monetary areas and the European experience: reflections

**Abstract:** On the fiftieth anniversary of Robert Mundell's seminal article on «optimal monetary areas», this paper stresses that the EMU has served as a test bench for monetary unions in other areas of the global economy. The advantages and drawbacks attributed to monetary unions are discussed, along with adjustment mechanisms in the presence of asymmetrical disturbance, initially in international trade and subsequently extended to financial transactions. The EMU experience is reviewed in this context and a need is identified to enlarge on the existing models to explain today's problems.

**Key words:** monetary area, adjustments, convergence, cycles, economic disturbance, parities, EMU.

**JEL classification:** F33, P36.

## UBIDE QUEROL, JESÚS

### The United States *versus* the Eurozone: parallel histories

**Abstract:** The economic crisis that began in 2007 is heading into its fifth year. The economic recovery predicted by many has failed to materialise, essentially for political reasons. A broad consensus is in place about the measures required. But the political will to adopt these measures is lacking because the long-term benefits foreseen come at a high short-term political price. The USA's failure to come to grips with the structural impact of the crisis has generated short-sighted policies that have ignored regeneration of supply and vainly focused all efforts on stimulating demand. The contrary has occurred in the

Eurozone, where an obsessive stress on preserving long-term discipline and converting the Eurozone into a replica of Germany has precluded any short-term solution to the crisis. The future of both economic areas will depend on political balance. The United States will become a social democracy with higher taxes or a country with a tiny public sector and gaping income disparities. The Eurozone will become a fiscal union with a reserve currency or disintegrate in a highly unpredictable manner. Continuing on the present path is not an option for either area.

**Key words:** political economy, crisis resolution, rigidities, Eurobonds.

**JEL classification:** E44, E58, E65, E66, F36, F59.