

Free movement of capital in the context of the implementation of monetary policy in EMU and the European Union

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Abstract

Free movement of capital has been one of the main objectives of Article 3 of the EC Treaty, as part of the development of the common market. Nowadays, the domestic market and almost all of other freedoms (eg. workers, goods and services) depends on the freedom of movement of capital. Unlike other freedoms, freedom of movement is more liberalized. European investment, cross-border transfers, bank accounts, purchases and authorization of purchases of real estate, inheritance etc., are included in the free movement of capital. Free movement of capital has lost somehow its sense with the entry into force of EMU and the introduction of the Euro.

This liberalization aimed at realizing a collaboration and coordination of economic policies and to some extent even political at the higher levels of the central banks where the fulfillment of the convergence criteria (four criteria), was a prerequisite for a country to adopt the single currency. But EMU and its implementation in the third phase brought significant consequences with regard to the institutional, economic and monetary policy having an impact directly on the free movement of capital in the EU, which will be the object of analysis in this paper.

Keywords: Free movement of capital, Euro, monetary liberalization, the Economic Monetary Union, the European Court of Justice.

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