



Universität  
Basel

## Research Project

# Endogenous Creation and Dissolution of Economic and Monetary Unions: An Experimental Investigation

### Third-party funded project

**Project title** Endogenous Creation and Dissolution of Economic and Monetary Unions: An Experimental Investigation

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**Organisation / Research unit**

Departement Wirtschaftswissenschaften / Aussenwirtschaft und Europ. Integration (Weder)

Europainstitut / Europäische Wirtschaft (Weder)

**Department**

**Project start** 01.05.2017

**Probable end** 30.04.2022

**Status** Completed

After a period of enlargement and strengthening of political and economic integration, European countries are experiencing difficulties in sustaining cooperation in the long-run. Two questions naturally arise. What determines the stability of economic and monetary unions? And what institutions can facilitate cohesion as well as long-run cooperation in heterogeneous groups? This proposed scientific project studies long-run cooperation in heterogeneous groups, using laboratory experiments. The focus is on the endogenous formation and dissolution of groups by means of either voluntary exit or group exclusion, when players interact as strangers over an indefinite horizon. The experiment can provide valuable intuition on the dynamics of creation, stability and dissolution of economic unions.

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