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***The Politics of Economic and Monetary Union:
integration and idiosyncrasy***

by Erik Jones

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To the much-asked question 'Will the Euro work?', Erik Jones adds the much more intriguing question 'Will the Euro last?'. His response is a bold 'yes', and this leads him to consider several economic and political issues surrounding the birth and the workings of the EMU regime, and to make some cautious conclusions about prospective scenarios. Jones argues that EMU owes its success not to the consistency of its economic rationality, as it was responsive more to political preferences than to economic rationale. Its success does not derive from the Euro starting as a strong currency in international markets. During the first three years following the irrevocable fixing of bilateral exchange rates between participating currencies, the Euro steadily lost exchange value against the US dollar. The author's optimism rests on the large number of idiosyncrasies reflected in the plurality of reasons, and the consequences that European integration means for each member state - a collective idiosyncrasy which is a kind of security valve against a superstate. Idiosyncrasy has indeed encouraged the EU regime to adopt neutral technology when fixing monetary problems, especially exchange-rate volatility, while preserving macroeconomic flexibility. The author focuses attention on the functional nature of the EMU regime and suggests it represents a technologically neutral solution. The paradigm can be unfit, however, to account for the political heat on post-EMU implementation. The attack on the European Central Bank's monetary policy, accounted in chapter five of the book, is not an isolated case. The ongoing debate over the Stability Pact is evidence of how EU member countries rely on gaps and holes, created deliberately, to manage the EMU regime. The author's thesis of technological neutrality can fail to draw attention to the political science side of the ongoing inter-institutional power game and the likely accommodative trade-off.

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