

Rational Idiosyncrasy and Monetary Integration

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The Politics of Economic and Monetary Union: Integration and Idiosyncrasy. By Erik Jones. Boulder: Rowman & Littlefield, 2002. 224 pp., \$69.00 cloth (ISBN:0-8476-9034-2), \$23.95 paper (ISBN:0-8476-9035-0).

Erik Jones's *The Politics of Economic and Monetary Union* is a tightly written book that provides a dense analytical overview of the issues surrounding economic and monetary integration within the European Union (EU). The jacket describes Jones's book as a textbook, which seems apt given its basic structure and comprehensiveness. Indeed, the scope is impressive for such a short work. Jones begins at the basic theoretical technology of money and moves stepwise through the design of monetary institutions, legitimacy in monetary unions, economic adjustment, the relative weight of domestic and international goals in monetary union, the changing Franco–German relationship, and the role of economic and monetary union in the symbolic politics of Europe.

Unlike most textbooks, however, *The Politics of Economic and Monetary Union* also makes explicit arguments. The core claim is that the politics of monetary integration are highly idiosyncratic, with Europeans' support for or opposition to the monetary union and to particular policies within it reflecting a variety of national or local concerns. This hyperpluralism explains why economic and monetary union has been hard to achieve, but it also suggests that it will be quite stable because no coherent opposition to integration is likely to arise. Two other arguments bolster this optimism. First, despite tensions resulting from the sharing of power across regional, national, and local governments, economic and monetary union in Europe is democratically legitimate. Second, "contrary to conventional wisdom, [economic and monetary union] helps to increase the range of policy combinations that are available to member state governments," (p. 13) which actually enhances macroeconomic flexibility. Overall, therefore, economic and monetary union should and likely will gradually settle into the background of European politics as a "minor technological improvement" (p. 191).

Jones's contribution to the literatures on regional integration and the European Union lies in his effort to build a careful theoretical analysis that punctures several more systematic accounts. Jones's analysis may also deflate many common fears about the European Union's long-term viability. Working from simple principles about rational actors and their concern for distributional outcomes, Jones cogently constructs his argument: (1) that preferences over monetary policy are fragmented and unpredictable, even in arenas simpler than the European Union; (2) that voters tend to have absolute (not relative) preferences for macroeconomic outcomes, always wanting low unemployment and low inflation, and will thus rationally and legitimately delegate power to whatever mechanisms promise to deliver these goals best; and (3) that economic and monetary union may help mitigate global pressures for economic adjustment because it leaves national governments a wide array of possible responses. Each of these points is made in concise, even dense, prose that makes few leaps along the way. Jones also moves cleanly back and forth between analytic and normative questions, and between economics and politics, without

losing coherence. In so doing, he manages to turn a largely negative and abstract exercise (that is, an argument that systematic preferences about economic and monetary union do not exist) into important claims with considerable real world punch.

On the other hand, this impressive extraction of punchy claims from a largely negative and abstract point of departure is also the weakness of *The Politics of Economic and Monetary Union*. The main argument about idiosyncrasy—Jones’s point of departure—remains negative and abstract throughout the book. Jones gives abstract reasons why rational actors’ preferences regarding monetary policy should be fragmented and unpredictable, and he alludes frequently to still greater idiosyncrasies introduced by varying institutions and culture. But this does not amount to the “comprehensive exploration of the formation of an economic and monetary union among twelve of Europe’s leading countries” promised on the jacket. Nor is it the “systematic analysis of the politics of [economic and monetary union] as it operates in Europe today” (p. 11) promised in the introduction. Instead, Jones explores some interesting aspects of the political economy of monetary unions. The actual idiosyncrasies of any one European country, region, or sector—or of this economic and monetary union as a historical process—receive very little attention. The frequent allusions to institutional or cultural variations remain allusions. In other words, Jones tells us why rationalist-economistic theories do not tell us much about monetary unions in general, with occasional illustrative references to Europe. From this baseline, he derives arguments that monetary unions can be democratically legitimate, and that monetary unions may increase macroeconomic flexibility given the pressures of globalization. But a prudent reader will ask for more empirical substance before accepting that these generalizations apply to the European Union—especially given Jones’s repeated warnings about idiosyncrasy in politics.

It may not be fair to ask so much of a short book. Jones did not set out to write another version of Kenneth Dyson and Kevin Featherstone’s (1999) 859-page historical treatise on the economic and monetary union in Europe. Were the announced aspirations toned down, this would remain a probing and useful discussion of rationalist theory set loosely in the context of European monetary integration. Even then, however, this problem would continue to raise questions about the book’s purpose and target audience. Given the dense theoretical discussions and thin empirical content, it would be difficult to employ *The Politics of Economic and Monetary Union* as a textbook, except for very advanced students. The infrequent empirical examples often assume a good deal of knowledge about EU politics. After surveying the fiscal rules surrounding economic and monetary union, for example, Jones notes “The Irish reprimand of February 2001 [a reprimand from the European Commission regarding Irish budgets that broke the rules] is instructive” (p. 50). Instructive though this instance may be, a student reading this section would probably not know if there had been other reprimands, how common such reprimands are expected to be, and so on. Thus, the book might be used to raise interesting questions for a graduate seminar, but it could not be relied on to teach students at any level much about how the European Union took shape or how it operates today.

To the extent that *The Politics of Economic and Monetary Union* is actually intended for a more expert audience, two other intellectual problems seem important. One is the tension between idiosyncrasy and the other major factor that Jones sees behind economic and monetary union. Referring to Kathleen McNamara’s (1998) work on the neoliberal and monetarist ideas that laid the foundations for the monetary union in Europe, he suggests that “the pattern of European monetary integration appears best explained by the combination of ideational conformity and distributive idiosyncrasy” (p. 77). Given that Jones details so little of the substance of idiosyncrasy, invoking McNamara’s image of a strong ideational consensus around

integration leaves the overall picture very fuzzy. The other problem concerns Jones's interestingly counterintuitive argument that economic and monetary union enhances the macroeconomic flexibility of European states. In keeping with the abstract tone of the book, he offers little development or documentation of this nicely concrete, important, real world assertion. Perhaps the largest pattern of conflict around economic and monetary union today is dismissed with the observation that "the fiscal rules in the Stability and Growth Pact are problematic only in those member states that have high levels of outstanding public debt. Once that public debt is paid down, the capacity to run periodic deficits as part of a countercyclical fiscal policy will increase" (p. 187). Few Europeans in any country would accept this characterization. Even were the monetary union's fiscal constraints problematic only in high debt countries, "once the public debt is paid down" is far more than just a transitional detail.

Despite these questions about its positive argument, *The Politics of Economic and Monetary Union* is valuable for its criticism of more systematic views of integration, and particularly for its careful dissection of rationalist expectations about monetary unions. If Jones does not directly answer many of the big questions about integration within the European Union, he provides an important survey and criticism of some of the tools others have used to do so.

References

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