

DAVID MARSH
The EURO – The Politics of the New Global Currency
Yale University Press, New Haven and London, 2009

The EURO – The Politics of the New Global Currency, written by David Marsh and published in both English and German, is a very thorough chronicle of the birth of the European common currency, from its early days, almost half a century before, and of its development until nowadays and even beyond, as it includes considerations on short term dynamics. David Marsh describes the story of the euro in a very complex manner, through a detailed, comprehensive and up to date analysis of the gathered data, making a substantial contribution to understanding the linkages between the political, historical, economic, financial, monetary, strategic and personal determinants of the evolution of the single currency.

In this well documented book, the author manages to achieve an authentic historical record, as he skilfully blends the official data with information gathered from relevant documents and unpublished material from international archives and with statements of important characters that influenced Europe's destiny, official representatives, politicians, central bankers, diplomats, that he interviewed during his journalistic career and that he extensively has drawn upon in writing this book. Nevertheless he manages to keep a neutral style in reporting the information and certain precision in his writing, avoiding the trap of taking for accurate the official statements and overcoming challenges such as the usual thirty year rule of making available official data.

The author is chairman of London and Oxford Group, a strategic adviser and investment banker with a journalistic career at The Financial Times and Reuters. Being well acquainted with economic notions such as inflation, interest rates, economic convergence, public debt and budgetary positions, he doesn't hesitate to substantiate his findings with very thorough and coherent economic explanations.

Within the 8 chapters of the book, *Blood and Gold, At the Epicenter, Tyranny of the Mark, The Coming Trial, Shock Waves, Europe's Destiny, Coping with Imbalance and The Reckoning*, the reader is set of on a voyage of discovery, as he is gradually acquainted with inside stories from the inception and the development of the euro, the new currency that was meant to replace the previous ones, to restore peace, win supremacy and be the symbol and catalyst of a new era.

In the continuous attempt of restoring the European equilibrium, the strong currency that "swept away ancient currencies like the French franc, the Dutch guilder, the Greek drachma and newer but no less symbolically potent ones like the German mark and the Italian lira", the euro was seen as a solution of overcoming the friction between the three powerful European players. Meant to help avoid inflation, it was considered a way of dealing with the American irresponsibility in what concerns fiscal matters and other specific economic policies issues that have

global consequences, being also expected to lower the continuously increasing influence of Germany.

The European Monetary Union was not the first experiment of this kind, as “the dream of a common unit of money” that will “invigorate and unify disparate peoples, and imbue national economies with wealth and dynamism, has (...) captured attention throughout centuries of political thought”. In the first chapter of the book numerous attempts of introducing a regional uniform currency, starting from the Gold Standard to the Bretton Woods Agreement, are explained with historical and economic reasons, approaching issues as the connection between common currency, political unions, global dominance, cooperation and war. It is generally known that the purpose of forming a monetary union goes beyond the economic benefits, while the political motivation is heavily weighted; the book gives shape and makes light to a certain degree between the different scenarios of real political objectives, actions and intrigues, which characterize the European common currency.

At the epicenter of the construction of the European monetary landscape was Germany; the revaluation of the D-mark was the starting point of political actions towards the EMU. The D-mark experience became the transition to the European single currency; the transition is “continuing still; its shape, purpose and ultimate destinations are matter of conjuncture and controversy”. The role of France cannot be left aside, as the story of the euro was heavily influenced by the relationship and the continuous battle for power between the two biggest economies in the EMU, making up half of its GDP (France and Germany), which also played the most important roles in the process of European integration. Although there were moments when the French left the impression that they understood their role in the center of the European money stage and the fact that being Germany’s follower is the best strategic decision, attempts of minimizing the German authority still occur. Another important player, the UK, opposed the project at the beginning and reconsidered during the process; however, it is still not willing to pass to the “one-size-fits-all” monetary policy. Many of the strategic decisions and actions are described and explained within this book. Having as a primarily focus the Franco-German currency antagonism, and the battle for power, the author also approaches issues as: the various imbalances between member countries – of growth, views and types of actions, which unlike the differences that make the European landscape unique, are destructive, deepening the discrepancies and missing targets; the importance of the correct timing of the EU decisions-taking into consideration the position on the international landscape, national desiderates, the necessity of action and the electorate’s preferences; the role of ECB, beyond its official status; Great Britain’s entry into the euro zone. When approaching the scenarios of a country’s exit from the euro area, David Marsh draws attention on an important issue: “the first step to quit EMU could come from a stronger country such as Germany, perturbed by the lack of ‘stability culture’ elsewhere in EMU and worried about the potential danger of being outvoted in the ECB”. Reading this book, one may find the insights to the election of the new head of ECB, as the eight year non renewable term ends this year. David Marsh’s

approach gives a clear description of the stakes involved, the candidates, their support group and a close hint as to who the successor shall be.

This book is recommended for everyone interested in understanding the concept of the euro zone, the real objectives and the characters that influenced the destiny of the European space and monetary union. It gives a clear picture of the battle behind closed doors, offering insights to the political games and hints on the real stakes aimed to be achieved through the single currency. It dauntlessly describes the fight for authority inside a space of solidarity, the real battle of currencies, of power and dominance.

Although very interesting, coherent and logical in explanation, is not a very easy to read book, being very dense in information, most of it new to the general public. It remains however an accessible book for a thorough reader and is enlightening for everyone that wants to understand the real politics behind the common monetary policy.

In this book, focused more on the past events, one will not find the answer to questions like what will happen to the euro zone, or whether the euro was a success or not (it might also be too soon to say). Although the intent of keeping a neutral attitude is journalistically honourable, enclosing the subjective opinion of the author after the official statements of representatives, diplomats and even the general public (opinion polls) on the matter, would have given an interesting personal touch, adding significant value to the book.

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