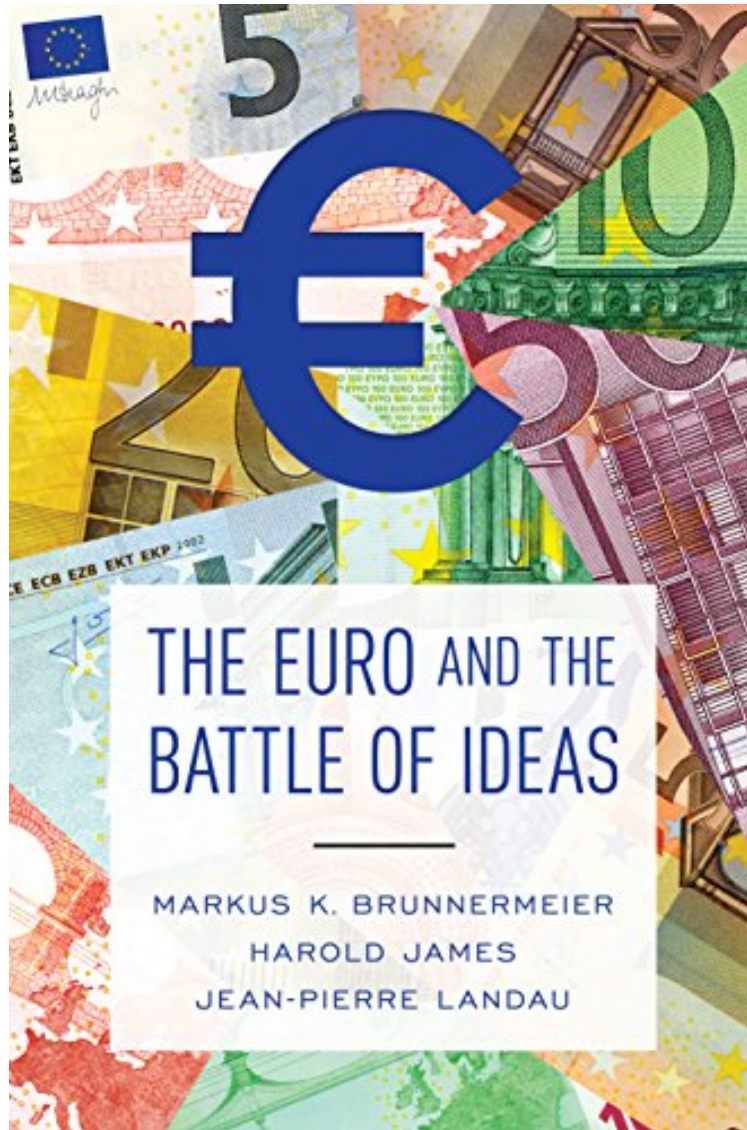


(Download) The Euro and the Battle of Ideas

The Euro and the Battle of Ideas

Markus K. Brunnermeier, Harold James, Jean-Pierre Landau
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Markus K. Brunnermeier, Harold James, Jean-Pierre Landau : The Euro and the Battle of Ideas before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Euro and the Battle of Ideas:

3 of 3 people found the following review helpful. An impressive accomplishment. By erkkiAn impressive accomplishment. A journey to the history of German and French visions and how the Economic and Monetary Union was built up. A careful analysis of the European Banking Union and its pillars. Three writers with different backgrounds make it rich. An enjoyable read.3 of 4 people found the following review helpful. Very simply put, this is

a difficult book to ...By Joao MOTA de CAMPOS Very simply put, this is a difficult book to read, very thick with ideas and concepts, demanding. It helps a lot to have some previous background on the subject, but, when you have it is one of the most enlightening books I have read on the subject. 19 of 20 people found the following review helpful.

The Source By Athan Irsquo;ve read books about the Euro crisis by Soros, Pisani-Ferry, Sandbu, Galbraith Jr., Stiglitz, Papaconstantinou and others. Irsquo;ve read many more that dedicate at least a chapter to it, from heavyweight authors like Alan Blinder and Mervyn King and from lightweights too. Irsquo;ve also read more specific books, for example about the Greek crisis. Among those I really enjoyed Paleologosrsquo; effort; Manolopoulos quotes me, even!ldquo;The Euro and the Battle of Ideasrdquo; is not my favorite (that would have to be Martin Sandbursquo;s ldquo;Europepersquo;s Orphanrdquo;) but it is very comfortably the best. Nothing comes close, actually. It is what Irsquo;d call a ldquo;second year courserdquo; in understanding the EUR. So, you know, if yoursquo;ve gotten your optimal currency area stuff down, if you understand the austerity debate, if yoursquo;ve read one of the narratives (I enjoyed Papaconstantinoursquo;s) and you want more, yoursquo;ve come to the right place. In fact, you do not need to have been introduced to the topic. It really is all here. Everything. Also, because this book has enjoyed the full access to and support from the establishment (read the ldquo;Acknowledgementsrdquo; and yoursquo;ll see what I mean), therersquo;s tons of stuff thatsquo;s not said directly here, but is very clearly written between the lines. You read it, you absorb it, you go to bed, you wake up in the morning and yoursquo;re like ldquo;aha, thatsquo;s what that means.rdquo; Finally, while the authors have a very strong bias (they all want Europe to work) they have strained every sinew to leave it out of the book and have made an extremely deliberate effort to present every single issue from both angles. Then they let go in the short conclusion, which consists of their (rambling and hopeful) suggestion that we need to get together and fix all the problems at the same time, in violation of the ldquo;one crisis at a timerdquo; process that they describe in the first section of the book. To get things going, a good hundred pages are first dedicated to the historical, micro-economic and macro-economic background of the Franco-German relationship that lies at the center of the project and the solution that was devised post-war to keep the two together: the ldquo;Monnet processrdquo; whereby we move forward and let the project become the sum of the solutions that are necessary to resolve the inevitable crises. Next comes an introduction to a more recent process: that of collective decision making giving way mid-crisis to decision making at the national level, giving way to the French and the Germans deciding everything amongst them upfront and ultimately leading to Germany deciding everything. ldquo;Thatsquo;s nice.rdquo; I thought to myself, ldquo;but itsquo;s descriptive, what did I learn here?rdquo; The answer is evident, but the authors cannot put it in print: there cannot be an equal union between big powerful countries and small countries. It is a quid pro quo. The small countries are the ones who enjoy the more secure borders and the better terms of trade that come from associating with the big ones. But when the you-know-what hits the fan, itsquo;s the big guys who call the shots. Period. Unless you move to the United States of Europe (which ainrsquo;t happening) thatsquo;s the deal and if you donrsquo;t like it, ldquo;therersquo;s the door.rdquo; In times of trouble, the Commissionrsquo;s job is to discuss fisheries. E basta. Next, the authors examine the two major intellectual axes on which the Euro-crisis is being analyzed: 1. Solvency versus Liquidity 2. Austerity versus Stimulus I totally LOVED this part of the book. It is thorough and balanced. Three authors involved, whoever wrote those two chapters is the best of the three. Next comes a list, a bloody amazing and thorough list, of the technical problems with the specifics of the setup. You can be an expert on solvency versus liquidity, you can think you have a strong view on austerity versus stimulus, but who cares if you donrsquo;t know what the problems are you will apply your principles to. Luckily itsquo;s all here and itsquo;s explained well: 1. France and Germany disagree about monetization. The Germans thought they got their way when they stuck in the Maastricht treaty and the subsequent agreements the Stability and Growth Pact and the sundry prohibitions against monetary financing. Except the French let the Basel treaty do all the work for them, when it gave zero weight to government debt. When all banks were left holding peripheral debt, the Germans found themselves confronted with a fait accompli. 2. Banks were encouraged to lend cross-border, but there was no EU-wide scheme to support saversrsquo; deposits, no cross-EU liquidation process (with banks international in their life but local in death) and no cross-EU supervision either, the latter at the insistence of the Germans, who (i) were afraid the ECB would be morally obliged to save banks it had failed to properly supervise and (ii) did not want anybody outside Germany to supervise the Landesbanken. 3. Free movement of labor is not supported by the remaining institutions that go hand-in-hand with having a labor force. Retirement schemes are national, unemployment insurance is national, labor contract law is extremely different from one nation to another. This not only causes massive issues with ldquo;automatic stabilizersrdquo; when recession hits (in sharp contrast with the US, for example, where the Federal government picks up the bill on the 13 weeks of unemployment insurance if recession hits in West Virginia), it also causes a one-way flow of labor to where the setup is best. 4. Free movement of capital, similarly, directs investment to the lowest-tax states, creating the problems we regularly read about in the newspaper. 5. Some countries have a totally antiquated microeconomic setup which makes it impossible for them to compete with the more modern economies. The authors make an amazingly diplomatic attempt to present the Italian problem as an Italian ldquo;perspectiverdquo; and list Italy alongside the IMF and the ECB and the Anglosaxons as one of the ldquo;other perspectivesrdquo; but I, for one, was not fooled. I knew exactly where they were going with this. Also, Irsquo;ve been trading Italy since 1993 (indeed,

my career is 100% based on a trading decision I was forced into in 1995 to buy a billion dollars worth of CcT bonds swapped into USD), I've read extensively about Italy and I've even written about it and I can say the book is worth buying for the Italy chapter alone. Structural reforms, baby! Finally, the book gives you the full, definitive narrative of the crisis, day-by-day. Not only what happened, but a full list of the possible motivations for all the actors. Example: I'm reading about the LTRO's at the beginning of 2012 and the authors are giving a tremendous analysis of how it was two birds with one stone because it was a way for the (peripheral) banks to get paid to support their own governments' debt and I'm thinking "sure, but yours're leaving out the biggie!" Except then I realize there's a further chapter on how they all had debt maturing in 2012 (that had been issued mid-crisis with short-term maturities) and how the LTRO gave them three years to refund it. So this is a very thorough narrative indeed. They walk you step-by-step through all of the ECB's actions, all the way from that day that they stunned us with the 100 billion when subprime hit all the way to the most recent fun that's been had with ELA and QE. So how come this is not my favorite book on the Euro? The answer would be that there is no passion here. It's more of an "owners' manual." Not one bad word is said about anybody, there's nothing that could have been done better, nobody ever made any mistakes. Trichet was right to oppose a Greek restructuring, Draghi was a hero when he bet Merkel would bend, even Merkozy did not really do much wrong in Deauville if you read the book literally. And both the French and the Germans are right about everything. So it's not a book you can love. But if you want to talk Euro with me and you have not read it, I'm afraid I can't waste my time. Read it first and then we can talk. It is now The Source.

Why is Europe's great monetary endeavor, the Euro, in trouble? A string of economic difficulties in Greece, Ireland, Spain, Italy, and other Eurozone nations has left observers wondering whether the currency union can survive. In this book, Markus Brunnermeier, Harold James, and Jean-Pierre Landau argue that the core problem with the Euro lies in the philosophical differences between the founding countries of the Eurozone, particularly Germany and France. But the authors also show how these seemingly incompatible differences can be reconciled to ensure Europe's survival. As the authors demonstrate, Germany, a federal state with strong regional governments, saw the Maastricht Treaty, the framework for the Euro, as a set of rules. France, on the other hand, with a more centralized system of government, saw the framework as flexible, to be overseen by governments. The authors discuss how the troubles faced by the Euro have led its member states to focus on national, as opposed to collective, responses, a reaction explained by the resurgence of the battle of economic ideas: rules vs. discretion, liability vs. solidarity, solvency vs. liquidity, austerity vs. stimulus. Weaving together economic analysis and historical reflection, *The Euro and the Battle of Ideas* provides a forensic investigation and a road map for Europe's future.