

Review of

*Lubor Lacina, Petr Rozmahel, Antonin Rusek (editors),
Political economy of Eurozone crisis : reforms and their limits,
Bucovice, The Czech Republic : Martin Striz, 2013.*

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The volume is devoted to an analysis of prospects and limitations of reforms of the Eurozone. It consists of 10 chapters from nationally and internationally renowned economists, divided in three parts, plus an introduction and an epilogue by the editors.

The first part contains four different studies under the heading of "Exit from the Crisis: Reforms and Growth". The four chapters cover a wide range of questions. And, not surprisingly, they do not necessarily arrive at identical conclusions. In the first chapter, Aiginger, Firgo, and Huber provide good arguments for a more active and growth oriented strategy to solve the problems of the European periphery. Rusek paints a much more pessimistic picture about the future of the Eurozone. While in his view the common currency contributed to the increased integration of real and financial sectors, but he identifies a persistent and hard to close gap between the "northern core" and the Mediterranean countries. Zarotiadis asks why and how a period of economic convergence could switch to a period of diverging per capita income and deepening inequality in the member states. The fourth chapter of part one, contributed by Fahrholz and Wojcik, makes a strong case for exit rules, as they would decrease the probability of a Eurozone break-up by strengthening market discipline.

Part II addresses the several aspects of Eurozone reforms. The main theme is the European governance framework, and only by a substantial redesign of the governance structure of the Eurozone can countries re-establish viability of the European integration process. Colombier makes a strong case for the introduction of national debt brakes. Keuschnigg and Weystrass also argue that credible fiscal rules combined with tighter fiscal surveillance reduce negative policy spillovers. The authors conclude that a fiscal union alone is not a sufficient solution to the debt crisis in some Eurozone member states, but elements of a fiscal union with strict fiscal rules are nevertheless an essential part of Eurozone reforms. Benczes claims that countries are unable to the trinity of full capital mobility, a fixed exchange rate regime and an autonomous monetary policy all at the same time, and argues that the crisis shows that these three goals are not compatible.

Part III goes beyond an exclusively economic analysis of Eurozone troubles. Lacina and Tunkrova argue that the crisis opened a window of opportunity for substantial reforms of the European Union's budget in the direction of a fiscal federalism. Bures analyses moral dilemmas of the crisis policies of the "Troika" and argues that current policies ignore several conflicting moral

attitudes hidden beneath classical utilitarian point of view. Slosarcik also contributes a study of the Fiscal Compact from a law perspective. He concludes that Legal shortcomings of the Fiscal Compact have potential to weaken the efficiency of new intended regulatory framework of the EU/Eurozone as well as they may enhance risk that the Fiscal Compact could collide with the EU law or constitutional laws of Member States.

An epilogue by Rusek closes the volume.

The papers cover numerous different aspects of Eurozoene crisis. Contributors come from different countries and different research fields. Thus, it provides an encompassing perspective, though not necessary a totally coherent and self-consistent view. But this is rather a strength than a weakness of the volume. It is thus of high value for all researchers and the interested general public.