

Crisis in the European Monetary Union: A Core-Periphery Perspective

By Giuseppe Celi, Andrea Ginzburg, Dario Guarascio, Annamaria Simonazzi – 2018 Routledge

Synthesis of the book

The current crisis is the culmination of a process of integration that has profoundly changed the structure of each member state, their interrelations and their power relations. Several explanations have been advanced, focusing on institutional flaws, macroeconomic imbalances and inadequate economic policies.

The book starts from the conviction that in our endeavour to respond to the current crisis we must look beyond the short run, analysing the different trajectories of the peripheral and core countries in terms of the interdependence between economies with different productive capabilities. After decades of economic integration and EU enlargement, the economic geography of Europe has shifted, with new peripheries emerging and the core showing signs of fragmentation. Divergence has been increasing in many domains, with weaker member states and regions falling behind their stronger companions. Moreover, economic and social inequality is on the rise within each of the member states.

Offering a fresh angle on the European crisis, it intends to build a bridge between macro, micro and policy analyses, with a focus on countries' diverse productive capabilities and their interdependence. It investigates which macroeconomic and industrial policies are required to ensure the long-term sustainability of the monetary union and, in particular, what is the role of the state in guiding investment, diversifying, innovating and strengthening the economic structures of peripheral countries to help them thrive.

The presentation will focus on the following points:

1. Politics vs economics: de-politicization of economic policy

The political idea of Europe

The end of the "golden age": change in objectives and rules

Two role models: US and Germany

The economic idea of Europe: financialization and Europeanization

2008-2015: A "political" crisis and a regulation failure

2. Core and periphery: interdependence and missing convergence

A change of paradigm: from acknowledgment of different levels of development to the exemplar model

Core: restructuring and East-ward expansion

Periphery: increasing divergence and "structural reforms"

3. The new economic geography of the EU

Two peripheries, differently dependent from the core

4. The road ahead: macroeconomic and industrial policy inspired by the political resolve to reduce divergence

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