

Book Review

Interdisciplinary perspectives on the EU:
three books on the Political Economy of
integration

Reviewed by Sebastian Dullien and Daniela Schwarzer***

The Economics of European Integration, Richard Baldwin and Charles Wyplosz, McGraw-Hill, Berkshire 2004, ISBN 0-077-103947, 458 pp., £ 33,99.

Economics of Monetary Union, 5th ed., Paul de Grauwe, Oxford University Press, Oxford 2003, ISBN 0-19-925651-9, 258 pp., £ 27,99.

The Political Economy of European Integration – Theory and Analysis, edited by Erik Jones and Amy Verdun, ISBN 0-415-34064-0, 223 pp., £ 18,99 (paperback).

* Dr. Sebastian Dullien is economic correspondent of the Financial Times Deutschland and visiting lecturer at the European University Viadrina in Frankfurt/Oder.

** Dr. des. Daniela Schwarzer is Senior Researcher at the Stiftung Wissenschaft und Politik and visiting lecturer at the European University Viadrina in Frankfurt/Oder.

With the advent of European Monetary Union in the late 1990s, academic interest in European economic integration and economic policy-making has skyrocketed. All over Europe, universities are scrambling to set up special Masters programmes focussing on European integration. The economics and economic policy-making of EU member states can no longer be sensibly taught without reference to European institutions. Meanwhile, political scientists are becoming increasingly excited by the political consequences of economic integration and the development of economic policy-making in a supra-national environment. In short economists and political scientists are now aware of the necessity of teaching and studying European economic integration in an interdisciplinary perspective.

To be found amongst the flood of recent literature are three interesting contributions which are advertised as possible reading material for courses on the economic and political economy (PE) aspects of European integration: *The Economics of European Integration* by Richard Baldwin and Charles Wyplosz (2004) and the fifth edition of *Economics of Monetary Union* by Paul de Grauwe (2003) are billed as economic text books, whilst *The Political Economy of European Integration – Theory and Analysis* by Erik Jones and Amy Verdun (2004) adopts a more research oriented approach. This review first provides an overview of the main characteristics of the three books and then discusses each in turn.

	de Grauwe 2003	Baldwin/Wyplosz 2004	Jones/Verdun (Eds.) 2004
Title	<i>Economics of Monetary Union</i> , 5 th edition	<i>The Economics of European Integration</i>	<i>The Political Economy of European Integration – Theory and Analysis</i>
Objective	To give a state-of-the-art overview of the economic theory of monetary integration	To offer a concise introduction to all aspects of EU economic policy-making from an economic perspective	To offer a wide range of political science perspectives on the PE of European integration, encouraging researchers to experiment across disciplinary divides

Continued

	de Grauwe 2003	Baldwin/Wyplosz 2004	Jones/Verdun (Eds.) 2004
Target Group	Advanced students in economics, researchers in monetary integration	Advanced undergraduate students in economics; graduate students in European studies, business administration	Advanced students and researchers in European integration studies
Useful for classes on	(European) Monetary Integration, European Macroeconomic Policies	European Economic Integration	European Political Economy, Comparative Political Economy, Theory of European integration
Theoretical aspiration	Provides a state-of-the-art overview of the economic rationale behind monetary integration	Provides an overview of relevant main-stream theories such as the OCA	Discusses and shows different ways of treating theory and empirics in a transatlantic perspective
Methods	Standard economic analysis	Introduces the basic micro- and macro-economic tools for the study of economic integration	Encourage interdisciplinary research, illustrates the potential of different approaches and shows traps of interdisciplinary research
Role of empirics	Illustrative; rather scarcely used	Illustrative; vast range of empirical facts	Illustrative, not in all contributions; choice of policy fields seems somewhat arbitrary
Paradigm/ Research approach			Interdisciplinary IPE/EPE approaches

Continued

	de Grauwe 2003	Baldwin/Wyplosz 2004	Jones/Verdun (Eds.) 2004
Readability and Presentation	Good didactical presentation, mathematical models are separated from main text, economics is mainly presented in graphs	Very good didactical presentation; abundant diagrams, figures, tables and boxes; introduction of important personalities in European integration and Economic theory; no mathematics	Nothing special, ordinary scientific language, detailed index
Degree of homogeneity	High	High	Contributions meet certain standards, but more guidance could be given by editors
Additional teaching re- sources	Companion web-site	Self-assessment questions, essay questions, links to external websites, companion web-site	None
Bibliogra- phies	Extensive, single bibliography	Chapter bibliographies, focused on students' needs	Single bibliography for all contributions
Pages/ Price	458 pp., £ 33,99	258 pp., £ 27,99	223 pp., £ 18,99
The bottom line	The Standard for the Theory of Monetary Integration	First comprehensive basic textbook for European economic integration	Interesting overview of selected PE approaches with stimulating thoughts regarding the future research agenda

The Economics of European Integration

The two Geneva economists Richard Baldwin and Charles Wyplosz (2004) have written a text book on European economic integration

which covers both the micro-economics and macro-economics of the integration process. And there is more: they develop their analysis of the economic aspect of the EU's development against the background of descriptive chapters which cover European history since World War II, EU legal principles as well as institutions and decision-making procedures.

This mixture makes the book valuable both for economists with a further-reaching interest, and for students of political science, International Relations (IR) or integration studies who wish to expand their economic knowledge. The absence of mathematics makes the material digestible for non-economists. Should they care to, they can learn a lot about the economic effects of certain policies or institutions such as the single market, trade policies, common agricultural policy or monetary union. This should be of particular interest to students and researchers interested in or using rationalist preference model to analyse European integration. Furthermore, the book furnishes the reader with knowledge about economic principles which can serve as the background for an evaluation of existing institutions (e.g. exchange rate regimes, the single currency, or fiscal federalism and can provide the basis for an appraisal of the balance of power within the EU).

This breadth comes at a price: advanced students or researchers in economics might find the economic analysis a little shallow at times, while political scientists should be able to skip at least Part I on History, Facts and Institutions.

Baldwin and Wyplosz present their book in a highly readable fashion: figures, data tables, information boxes, short bibliographies, maps and pictures complement the text. In addition, there are self-assessment questions, essay questions, a companion website and lists of other useful web resources, all of which make the volume a state-of-the-art text book insofar as presentation and reader guidance is concerned. The figures and examples might even prove valuable for researchers who want a quick introduction to individual policy-fields in European economic integration in which they have not done much work.

However, the concise presentation means that problems inherent to certain mainstream approaches are glossed over. For example, although Wyplosz has himself lately criticized the current Stability and Growth Pact in quite robust terms (Financial Times of February 1, 2005), the book adopts a broadly favourable stance towards it, so that less experienced students might not fully grasp the problems entailed by the SGP. While of course an introductory textbook needs to describe widely shared positions, a little more courage here and there would have done the book a favour (and would have anticipated the current political developments related to the pact).

All in all, this text book is extremely useful for undergraduate courses on the economics of European integration. It can also be used for self-study purposes – including by political scientists and sociologists with some basic economic knowledge.

Economics of Monetary Union

For those who desire a more in-depth-coverage of the Economic arguments behind European monetary integration, the fifth edition (2003) of Paul de *Grauwe's Economics of Monetary Union* is still the book of choice. Among researchers in this field, earlier editions of this book had become the standard reference even before European Monetary Union became a reality in 1999.

From its original form as a book on monetary integration, de Grauwe has continuously made improvements to keep the volume up-to-date with real-world developments. In addition to a detailed, yet concise presentation of the most important theoretical issues of monetary integration, the fifth edition now gives a fairly exhaustive description of EMU institutions. The book not only describes the monetary policy instruments of the European Central Bank (ECB), but also discusses the change in the ECB's strategy. The book is structured in two parts, the first comparing costs and benefits of a monetary union using the vast literature on this topic, the second describing the special issues of economic policy in (European) monetary union, from the optimum design of a central bank to the question of fiscal policy co-ordination.

While Baldwin and Wyplosz have chosen to eliminate mathematics (almost) completely from their textbook, de Grauwe takes a different approach: It seems to be standard in Anglo-Saxon textbooks on intermediate economics to keep all mathematics in the main text body to a minimum, and de Grauwe is no exception; some (slightly) more elaborate mathematical considerations are put in separate boxes. The mathematics of the Barro/Gordon model on the credibility of monetary policy – one of the basic models to justify monetary integration – has been relegated to the appendices. Overall, de Grauwe skilfully manages to describe complicated economic issues in (relatively) simple prose. While his book does not provide as many additional teaching resources as the Baldwin/Wyplosz volume, its didactical clarity makes it a good choice for classroom use.

In contrast to Baldwin and Wyplosz, de Grauwe boldly sets out his own position on the divisive issues of economic policy. For example, on the Stability and Growth Pact, which he has (like Wyplosz) publicly criticised, his analysis concludes with the assertion that the Pact shows an “excessive rigidity” (p. 222), an evaluation which might help students to understand the current course of events better.

The book is still the standard reference in the realm of economics of monetary integration, so no researcher going into this field can do without. Moreover, it is presented in a way that makes it a very serviceable textbook for all classes on monetary integration as well as an interesting read for self-study. While it might occasionally be slightly too complicated for less advanced students with a limited grasp of economics, it is suitable as complementary reading material to fill/ plug the gaps left in the Wyplosz/Baldwin book.

While both the Baldwin/Wyplosz and the de Grauwe books are highly valuable contributions to the book market, they unfortunately suffer from the same deficiency: Both completely lack any reference to the Cologne Process and the Macroeconomic Dialogue which was created with this pillar of European integration. It is admittedly questionable whether this coordination process has much relevance in actual policy-making. However, given the significance the EU governments initially bestowed upon this pillar of European integration and the continuing discussion about the optimal degree of coordination between different EMU policies (see Issing 2002), it

would have been nice to at least discuss the its proponents' arguments .

The Political Economy of European Integration – Theory and Analysis

PE approaches to the study of European integration are *en vogue*: books, journals and professorships in this field are mushrooming – and this may hide the fact that the whole discipline of (European) Political Economy (EPE) is still undergoing a process of self-definition, especially as it seeks to position itself in relation to its neighbouring disciplines. The book by Jones and Verdun (2004) on theory and analysis of the *Political Economy of European Integration* perfectly fits into this setting in a double sense: Firstly, it illustrates by its very form what European PE is today: a widely defined discipline drawing together a variety of approaches, theories, methods, which gather under one big umbrella tagged European Political Economy. Secondly, it represents a pledge to interdisciplinary research, something which nowadays seems to be a necessary condition for courses, research projects and the like to be regarded as ‘timely’ and ‘forward looking’. However, the soul-searching on the potential and boundaries of interdisciplinary research is only beginning; the Dos and Don’ts remain to be identified. Jones and Verdun make a strong case for experimentation across disciplinary boundaries – but rightly point out that interdisciplinary work is “easier to get wrong than to get right” (p. 6).

Amy Verdun from the University of Victoria, Canada, and Erik Jones from Johns Hopkins University, Bologna have edited a volume with the ambitious objective of giving an overview of the state of the art of European Political Economy research. They have recruited renowned and younger scholars from Europe and the US and Canada to contribute to this volume. Their choice of authors offers the reader perspectives on EPE from both sides of the Atlantic – a topic Verdun discusses in detail in Chapter One. According to Verdun, the “American-European divide in European integration studies” is characterised by European researchers’ tendency to treat the EU as *sui generis* and to adopt a case-study oriented approach, while US-scholars see the EU as part of more general phenomena

and use the EU as an empirical example to develop and amend theoretical arguments. The Atlantic divide is underlined by the different contributions in the book itself. According to Verdun, this gap can be bridged with International Political Economy (IPE), as it enables “American scholars to do justice to the uniqueness of the European integration process”, while the research approach reflects the major theoretical debates going on in European integration literature. This observation applies to the political science side of European PE, and hence to a discipline which is more present in the volume than its economic counterpart.

The book proceeds with nine further chapters dealing with questions as diverse as the EU’s interregional cooperation or IR and IPE approaches to the analysis of non-state actors. Some of the chapters – especially those by Verdun, Green Cowles, Kassim/Menon and Jones have a broader theoretical interest and embed their argument in concise literature overviews. Other chapters such as the ones by Pistor (on agency, structure and the new regionalism), by Farrel (on inter-regional cooperation) or Pahre (on spatial models) consist of narrower applications of existing arguments.

In short: the book offers an introduction to the variety of political science perspectives available for understanding the PE of European integration. It is commendable in its attempt to gather together in one book the fruits of research that has been carried out for the last few years. This effort will undoubtedly boost a research programme which is still seeking to define its methods, theoretical approaches and empirical applications. This is all the more so as the majority of contributions conclude with some reflections on the future research agenda of EPE. The editors recognise the risk that their exposé of various perspectives may topple over into heterogeneity and a lack of focus. To counterbalance the danger of eclecticism, they have insured that the authors reveal their analytical preferences and research ambitions and make their assumptions about the real world explicit – which most of them do satisfyingly.

One thing that may leave the reader unsatisfied with this volume is that little is said about the choice of contributions. The field of EPE is vast. Hence it is necessary – and perfectly justified – to be selective. Nevertheless, the editors should have justified the contents of

the book, and what they left out and why. This could help avoid the impression of arbitrary selection. Furthermore, a better interlinking of the chapters and some additional concluding thoughts on what they share, what distinguishes one approach from the other and where the future potentials of the research (approach) lies could have improved the book greatly - especially given both editors' experience and reputation in this field. This kind of guidance could have made the book a valuable read for less experienced students or researchers in this field, who would welcome some more thorough evaluation of each perspective's contribution to the growing literature.

By contrast, less "homogeneity" would have been preferable in the bibliography: each chapter draws on a different strand of the literature, and some of the contributions clearly identify their centre of gravity by including the underlying research programme of these traditions. With this in mind, it is irritating to find a joint bibliography for all the contributions at the end of the book. Chapter-wise bibliographies would have been more convenient for the reader seeking to set each contribution against its background.

In a nutshell: the book demonstrates the potential of interdisciplinary approaches to the study of the PE of European integration. It should appeal to researchers or advanced students of European integration studies. With the exception of a few contributions, it is less suitable for undergraduate students seeking a structured introduction to the field. The book is a valuable (self-) reflection on a discipline in the making. Thanks to the broad scope of approaches presented on the one hand, and the awareness of possible traps in interdisciplinary research design coupled with a recourse to self-criticism on the other, the volume provides precisely what the authors claim it does, namely "an introduction to a solution" (p. 9).

Reference

Issing, O. (2002), On Macroeconomic Policy Co-ordination in EMU, *Journal of Common Market Studies*, vol. 40, no. 2, pp. 345-358(14).