

interview _____

Fulvio Attinà

Professor of International Relations and holder of an Ad Personam Jean Monnet Chair, Department of Political and Social Sciences, University of Catania



Professor Attinà, the European Neighbourhood Policy (ENP) represents both a challenging and sensitive policy for the EU. How would you comment on EU's recent progress and/or setbacks in its relations with the Southern Mediterranean partners?

It is hard to say whether the Brussels' welcome to the Arab Spring two years ago and the consequent reshape of the EU's approach to the relations with the people and leaders of the Southern-Mediterranean countries enhanced or set back the friendship and cooperation between Europe and the "new" countries of the Mediterranean. What is not hard to say is that the relations between the EU and the Mediterranean partners are at a complete standstill today. I wonder whether a different, better relationship can be developed at this time. Who is in power in Tunisia, Libya and in all the Spring-hit countries? Nobody, in fact. Who will be in power in the near future? It is highly unknown. Briefly, Spring's arrival is welcome but it is not here yet. The EU holds the blame for standing on side to the deposed leaders up to two years ago but can hardly be blamed for acting softly in the present circumstances. Pushing the neighbouring countries of the South to stick to good governance practices (rule of law, transparency, accountability, and so on) is what the EU policy-makers are reasonably expected to do today. Later, Europe has to hold a more realistic policy than the past pro-leader policy (claimed as realistic but proved to be unrealistic) to comply with the "more for more" promise ... **p.2**

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publications _____

Romanian Journal of European Affairs - Spring Issue 2013

In the March issue of the RJEA, the contributors bring forward topics related to the crisis of the European Union and its reflection onto the Romanian public sphere, President Putin's third term in the Russian Federation, the political citizenship in the context of the Lisbon Treaty, the issue of the political parties' supply for the European elections in the case of the Czech Republic, and a book review on lobbying in the European Union ... **p.4**



... When it comes to ENP economic objectives, the long-term goal highlighted by most ENP partners is full integration into the EU internal market. In your view, what are the chances for success in accomplishing this goal?

Nobody mistrusts the EU's policy-makers for promising integration in the internal market to the neighbouring countries, or for blurring the distance to such a goal in the current critical circumstances of the European economies. With the neighbouring countries fully integrated in the internal market, the wide region of Europe will be prosperous and peaceful. With the neighbouring countries besieged by the internal market or, on the contrary, competing against it, Europe will be a region under stress. As soon as the current economic crisis comes to an end, such integration has to be the priority goal of the EU's neighbourhood policy.

Bearing in mind the deteriorating humanitarian situation, the EU is committed to further increase its humanitarian assistance for the affected population throughout The South-Mediterranean area and the refugees in neighbouring countries. As the situation gets worse, what are the next steps to be taken for the stabilization of this area?

Scholars, professionals and political leaders are aware of the new features of security and stability. They know that in the process of strengthening stability and ensuring security to the citizens, policy-makers have to take into account risks in addition to threats. To put it clearly, they are called to think in terms of protecting the country against the hostile threats of state and non-state actors as well as (and maybe to a larger extent) against the risk of events such as natural disasters, technological accidents, cybercrime attacks. Then, there are hard steps to take in front of us, such as taking seriously the negotiation and implementation of new arms control treaties, obstinately pursuing the inter-cultural dialogue, keeping on with economic cooperation by furthering measures tailored to the goal of building the Mediterranean free-trade zone, improving the status of civil liberties and political rights of all the Mediterranean countries, removing all obstacles to the liberty of civil society organisations, and last but not least enhancing environmental protection by upgraded resources and technologies.

“In order to be effective in the response to disasters and emergencies, within and outside Europe, EU has to reshape its own institutions and administration.”

In your works you speak about the so-called concept of “minilateralism” in EU peace operations. Can you further develop on this concept? Why is it relevant for the current international relations?

Peace operations are imperfect mechanisms working perfectly to curtail violence in the contemporary world. They have brought multilateralism in international security under the legitimate supervision of the United Nations. But over the past two decades the number of non-UN-led operations has been growing impressively. The EU's military and civilian capabilities of crisis management and post-conflict reconstruction have been used for good purposes, but have pushed up the minilateral turn of the peace operations. *A priori*, minilateralism - namely the club model of collective action applied to peace operations and the consequent risk of serving the interest of the participants pledging to serve multilateral principles - is neither harmful, nor beneficial to multilateral security. Quite the opposite. In case of missing agreement at the UN Security Council, minilateralism overcomes the existing impediment. Additionally, the few actors involved share interests and easily agree on the solution of any collective action problem. But research is tremendously needed to be able to assess the consequences of this form of action on the legitimacy of peace operations. The West's commitment to finding pragmatic (i.e. minilateral) solutions to the difficult problems of UN multilateralism today might have detrimental effects on the UN capacity in future peace operations.

You have recently written an article for the ReShape Online Paper Series about the EU's institutional framework in relation to emergencies, risks and disasters. To what extent is this institutional framework effective when it comes to emergency events?

The European Union is the largest and most active group of countries in the world delivering relief and reconstruction aid to the victims of emergency events. In addition, the European Union wants to be leader in the field of the new technologies and organisation of early warning and immediate response to disasters and emergencies caused by any known and unknown risk, hazard and threat. In order to achieve this objective, a lot

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At this University, he served as Director of the Department of Political Studies and the President of BA, MA and PhD Programs. Former Chair of the Italian Association of Political Science, he has been member of the governing bodies of professional associations like the European Consortium for Political Research and the International Studies Association.

He has been visiting professor and scholar at European, Asian, Central and North America universities. His research interests have been international conflict, foreign policy, and the EU political system, peacekeeping and multilateral security. At present, his research work is on systemic crises and the EU policies of emergency, relief and reconstruction.

He is the author of *The Global Political System*, London, Palgrave, 2011 (previously published in Italy, Spain and Russia) and the editor of *The Politics and Policies of Relief, Aid and Reconstruction*, Palgrave, 2012, and *Multilateral Security and ESDP Operations*, Ashgate, 2010.

of work must be done besides mobilising financial, material and human resources. Important changes must be made in policy organisation and execution. In brief, the traditional division of policies and, consequently, of administration and management resources is useless and ineffective. For instance, the Haiti earthquake was and still is a case in which problems of security, health, crime, education, finance, and so on have to be tackled simultaneously unlike the case of an action for technical and humanitarian agencies. For this reason experts in different fields must be prepared to plan and develop programs together. In other words, the traditional division of administrations working on emergencies does not fit the problems of contemporary society. How does this affect the European Union? In a nutshell, in order to meet the

challenge and be effective in the response to disasters and emergencies, within and outside Europe, EU has to reshape its own institutions and administration. This reshaping process has been started. Bridge-building between formerly independent departments and agencies working on such problems is in progress. I like to say that merging policies is the present strategy of the EU to meet the challenge of emergencies. It is important to make the right institutional decisions at this moment in order to be more effective in the near future.

Interview by **Oana Mocanu**

event

Debate

ECHR Case-Law: Dissemination and Informing

The European Institute of Romania (EIR) launched on February 8, 2013, at its headquarters, the third volume of the ECHR Reports - Recent Cases against Romania which includes a selection of 34 relevant decisions issued between January 2011 and June 2012. On this occasion, a debate was held on ECHR Case-Law: Dissemination and Informing. The debate was moderated by Ms. Laura Mihăilescu, Head of the Translation Coordination Unit, EIR.

The event was attended by Ms. Irina Cambrea, Governmental Co-agent for the European Court of Human Rights, Ministry of Foreign Affairs, Mr. Flavian Popa, Head of the European Affairs, International Relations and Programs Department, the Superior Council of Magistracy (SCM), Mr. Mihai Şandru, PhD. Prof., Coordinator of the Centre for European Legal Studies, Romanian Academy and Mr. Costin Fălcută, Legal Reviser, European Institute of Romania, Coordinator of the ECHR Reports - Recent Cases against Romania (volume III).

Ms. Irina Cambrea noted that the number of non-infringement decisions regarding the rights included in the Convention has increased and listed the ways the information regarding the ECHR is conveyed - by informing, disseminating and raising public awareness. In addition, she said that the main purpose of informing is to prevent the violation of rights included in the Convention and to reduce the number of manifestly inadmissible complaints which burden the Court and increase the time for ruling on the admissible complaints. Finally, Ms. Cambrea specified who performs the activity of informing, namely the EIR, the Government Co-agent for the ECHR, the training institutions, the civil society through the NGOs specializing in human rights and also the media.

Mr. Flavian Popa stated that the cooperation protocol signed in April 2011 by the SCM, the Governmental Agent for the ECHR and the EIR has achieved its objective, namely a good collaboration between the institutions in order to realize the best possible Romanian translation and revision of the ECHR Case-Law. He talked about the three directions pursued by the SCM: the development of the existing database, dissemination of ECHR Case-Law and drafting of ECHR Case-Law reports and summaries to help clarify the message of the Court. To increase accessibility, since 2012 the decisions have been published on the website accompanied by a summary. Mr. Popa noted that the SCM plans to create a search engine on its website to manage the already published decisions.

Mr. Mihai Şandru stressed that the reliability of published translations is an issue, since we cannot know exactly which one is the final document. He criticized the fact that only the important decisions are published and that the time between the delivery of the final judgment and its publication in the Official Journal of Romania is quite long. A possible solution identified by Mr. Şandru is to create a unique translation service.

In response, Mr. Costin Fălcută pointed out the fact that the lack of staff and the financial constraints are the main reasons why the ECHR decisions and judgments cannot be translated as soon as they appear on the Court's website.



The presentations of the guests were followed by a series of comments and discussions between the participants which aimed to clarify some issues raised in the presentations. At the end of the debate, the moderator, Ms. Laura Mihăilescu, thanked all the guests for attending and concluded that the activities of dissemination and informing through translations (cases and factsheets), publications and training courses have improved constantly since 2009 to the present.

Flaminia Cimpoca, intern

The European Commission Representation in Romania Launched the European Year of Citizens and the New Europe Direct Romania Network

The year 2013 was declared the European Year of Citizens by the EU institutions due to the celebration of 20 years of European citizenship, since the enforcement of the Maastricht Treaty. The Representation of the European Commission in Romania along with the European Parliament Information Office organized in Bucharest the launching event of the European Year of Citizens and the Europe Direct Romania Network, 2013-2017 generation. The new network consists of 31 Centres across the country selected following the tender launched by the Representation of the European Commission in June 2012.

The event was held over three days at the Intercontinental Hotel, Bucharest. It started with an official reception, whose hosts were Mr. Niculae Idu, Head of the Representation of the European Commission in Romania, Ms. Mădălina Mihalache, Head of the European Parliament Information Office in Romania and H.E. Mr. Oliver Grogan, Ambassador of Ireland in Romania.

On the second day, dedicated to debates, the *Citizenship and dialogue in Europe* conference was honored by the presence of Mr. Dacian Cioloș, European Commissioner for agriculture and rural development, Ms. Renate Weber, Member of the European Parliament (Group of the Alliance of Liberals and Democrats for Europe), Mr. Iuliu Winkler, member of the European Parliament (Group of the European People's Party) and Ms. Luminița Odobescu, state counselor of the Prime Minister of



Romania. The second session, entitled *About citizenship and communication in the European context*, was sustained by opinion leaders such as members of the European Parliament, representatives of the academic environment, NGOs, mass-media and personalities of Romanian cinematography. Further, at the workshops dedicated to communication, European citizenship and European Parliament activities, themes of major interest were approached such as: *European topics approach, Promotion of the European citizenship, What does the European Parliament do for citizens?*

On February 13, there were workshops dedicated to Europe Direct Network, European Documentation Centres and local mass-media.

The event was continued with the training programme of the Europe Direct Network, at Predeal, from February 14 to 17, where the coordinators of the Europe Direct Information Centres of Romania

were invited to participate along with the national coordinator of the Europe Direct Romania Network, Ms. Ioana Marchiș. The training focused on developing skills in working with mass-media and on the knowledge of non-formal communication techniques by drama improvisation method.

Diana Filip, coordinator of Europe Direct Bucharest Information Centre

publications

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Alina Bârgăoanu, PhD, professor at the Faculty of Communication and Public Relations, National University of Political Studies and Public Administration, Bucharest and Flavia Durach, PhD student at the Doctoral School in Communication, within the same faculty, address in their paper the implications of the euro crisis, perceived as a political, institutional, economic and confidence crisis of the European Union. In the authors' view, the EU public sphere is relevant for the



current debate on the crisis, since it represents the setting where solidarity among EU citizens and EU states is created. The authors have carried out a research project focused on the Romanian public sphere in the context of the crisis. The research project is centred on a crucial event in the process of crisis resolution: the signing of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union by 25 EU member states at the beginning of March 2012. The results show that there is a considerable drop in public trust in the EU, but it is the contributors' assessment that the descending trend could be reversed, provided a clear vision, accompanied by strong leadership, emerges.

Researcher affiliated with the European Geopolitical Forum and the Latvian Institute of International Affairs, **Paul Pryce** attempts to illustrate in his contribution that the Eurasian push (in view of President Putin's expression of support for the establishment of a functioning Eurasian Union by 2015), could reflect a shift in the Russian identity politics towards neo-Eurasianism. The potential weakness of neo-Eurasianism as an identity framework for the whole Russian society is highlighted, indicating that the further centralization of political authority at the core (Moscow) will only exacerbate grievances in the regions of the periphery.

Oana - Măriuca Petrescu, PhD, and now a postdoctoral researcher within the European Integration Team - Faculty of Law, University of Deusto, Bilbao, Spain, examines in her paper the political citizenship in the context of the Lisbon Treaty. The notion of citizenship introduced by the Maastricht Treaty and modified by the Amsterdam Treaty, can be associated with the political or democratic citizenship, based on a set of common political rights, with the main purpose of empowering the citizens to be "co-authors" of the law within the European decision-making process. In this context, an important step has been taken with the adoption and entering into force of the Treaty of Lisbon, as the general framework of the legislative power, and with the Regulation (EU) No. 211/2011 on the citizens' initiative adopted by the European Parliament and the Council, which defines the rules and procedure governing this new instrument, officially launched on 1 April 2012. This new legal instrument will strengthen the democratic foundations of the European Union by regulating the possibility for the citizens to invite the European Commission to submit any appropriate proposal on matters where they consider that a legal act of the European Union is required for the purpose of implementing the Treaty - Article 11 (4) of TFEU - or to be more actively involved in the political life of EU.

The contribution of **Jan Kovar** (a PhD Candidate within the Department of International Relations and European Studies, Metropolitan University Prague, Czech Republic) tackles the issue of the Europeanization of European Parliament elections. Since these elections are supposedly fought over national political issues, the analysis focuses on one aspect of political parties' supply for these elections, namely their election programmes. To this aim, a content analysis is conducted, within a comparative framework, of selected Czech political parties' programmatic documents. At the same time, he tries to answer the question to what extent these programmes do offer EU-level solutions. The results show that parties focus on EU issues in their Euro manifestos and feature an apparent degree of Europeanization in this part of their supply for EP elections. From this perspective, these results can be considered a light at the end of the (second-order) tunnel, given that EP elections are considered second-order elections in relation to first-order national elections and that at least the programmatic part of parties' supply is about European integration after all.

Alexandra Pop (MA in European Union Studies, Leiden University, and currently a trainee at the European Parliament in Brussels) presented the highlights of the book *Lobbying the European Union: Institutions, Actors and Issues*, edited by David Coen and Jeremy Richardson. Collecting articles on interest group politics at EU level, focusing on the main elements of European lobbying - the existing relations between the EU institutions and the special interest groups, the book tackles the main differences between NGO and business lobbying, the specific lobbying strategies adopted in EU's main policy sectors and lobbying regulations. The volume captures the main changes that took place on the European lobbying scene in the last two decades when most EU institutions developed new points of access for lobbyists, while the interest groups became more specialized.

Full articles will be available on www.ier.ro/rjea. For the printed copy, please contact sales-rjea@ier.ro.

Oana Mocanu

European Council Meeting 7-8 February 2013



Source: <http://www.flickr.com/photos/europeancouncil>

The European Council met in Brussels (7-8 February) for the first summit of 2013 to focus on several economic issues, including the Multi-annual Financial Framework, external relations and trade. The EU reiterated its determination to promote free, fair and open trade and to fight all forms of protectionism¹, underlining its strong commitment to a rules-based multilateral system. A key priority is the preparation to open up more market opportunities for European businesses by negotiating new Free Trade Agreements with key countries, in particular Japan, Canada and USA.

With regard to the EU's growth agenda, the European Council stressed the contribution trade and investment can make to growth and jobs in Europe, as the ability to get the most from trade depends on the capacity to develop the right domestic policy framework in support to competitiveness. An ambitious trade agenda can lead in the medium term to an overall increase of 2% in growth and to the creation of two million jobs².

EC also addressed some aspects relating to the two dimensions of EU foreign and security policy: the Southern Neighbourhood and Mali. The debate came two years after the beginning of the Arab Spring, pointing out EU's engagement with the Southern Mediterranean in this period of democratic transition, in particular as the situation in many countries remains persistently volatile and the pursuit of peace, democracy, prosperity and the rule of law.

The main aim for EU leaders was to agree on the EU's multi-annual financial framework (MFF) for the 2014-2020 period. The novelties brought were also highlighted: the research budget proposed by the European Commission in November 2011 returned to €69.24 billion, an increase of more than 37% compared to the MFF 2007-2013 for future expenditure such as research, innovation and education, in order to promote growth and create jobs and a new instrument to

bridge the missing links in Europe's energy, transport and digital infrastructure ("Connecting Europe" Facility). The European Council confirmed its commitment to reduce disparities between the levels of development of the EU's various regions. In this regard, the poorer Member States will receive a larger share of the total financial package of the cohesion policy than in the current MFF. Now negotiations with the European Parliament will be launched in order to allow the adoption of around 75 legislative acts covered by the MFF package.



Source: <http://www.flickr.com/photos/europeancouncil>

Herman Van Rompuy described the budget as a "balanced and growth-oriented budget for Europe for the rest of the decade"³. The Summit's conclusions show the need for restraint, although the budget must act as a catalyst for growth.

For more details, please visit:
<http://www.european-council.europa.eu>

Livia Mirescu, intern

¹ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/RO/ec/135325.pdf

² idem

³ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/135339.pdf

THE EUROPEAN PARLIAMENT: Plenary Session 4 - 7 February 2013, Strasbourg

EU Budget under Debate



Source: http://www.flickr.com/photos/european_parliament

The statements by the Council and the Commission with regard to the preparations for the European Council meeting of 7-8 February 2013 were the starting point for the debates, followed by reports, such as the one on *corporate social responsibility* - promoting accountable, transparent and responsible business behaviour and sustainable growth - and pointed to certain current issues on which the EP wishes to express its institutional point of view.

In the context of the imminent vote on the EU's budget and guidelines for 2014, François Hollande, President of the French Republic, made a European policy statement (5 February), deemed an innovation in the EP practice by Martin Schulz, President of the EP. In his critical speech, François Hollande highlighted that the EU is more than a sum of nations, a single market or a single currency and that too much time is given to reflection, reactions are delayed, the threats inherent to the crisis are coupled with statements by Member States indicating that *national interests* are taking precedence over the *common European interest*. The French President called for the reform of the international monetary system and objectives for deepening the Single Market, common policies and innovative projects in the area of renewable energies. Further on, he emphasised solidarity and the common future, integration, and common policies (the Cohesion Policy and Agricultural Policy) for growth as foundations for approaching the European Financial Framework: *yes to making savings, no to weakening the economy*. France's position is in line with the European Parliament's aspirations. Next there was an intervention by the Commission's President, José Manuel Barroso, who congratulated President Hollande for his speech and expressed his support for consolidating EU integration, for solidarity, France's traditional political will, and for reforms. There followed debates by the representatives of the Parliament's political groups. The Socialists expressed their full appreciation, whereas the opponents expressed their doubts regarding the "European story" and the future

envisioned by Socialists for Europe, underlying that austerity and lack of protection cause European peoples to distance themselves from the union idea.

Ahead of the European Council of 7-8 February 2013, the *EU's budget* was once again one of the most important issues of the EP's sitting. Finances and economic growth were tackled in the reports made by specialised committees: *Common system of value added tax and a quick reaction mechanism against VAT fraud*; *European Investment Bank - 2011 annual report*; *Improving access to finance for SMEs*; *Recovery of European industry in the light of current difficulties*; *Guidelines for the employment policies of the Member States*. The common debate on the *European Semester for Economic Policy Coordination: Annual Growth Survey 2013* also made reference to the *Governance of the Single Market*.

The Commissioner for Maritime Affairs and Fisheries, Maria Damanakis, presented the Commission's proposal for a more flexible and realistic approach, set to increase employment by 23 % in this sector by 2020. During the debate on the *reform of fisheries in the EU*, MEPs pointed to the need for development of coastal communities, the environmental protection policy, and the issue of excessive fishing and discarding. Although the Common Fisheries Policy is now in its 40th year, 70 % of the fish consumed in Europe is imported, so the policy requires reform to ensure the viability of coastal communities. Deputies insisted that, without the protection of the fisheries fund and the reciprocity of fishing quotas, the amount of fishing will drop by 60 % in the years ahead and that the reform must provide jobs and a budget for selective fishing gears.

The EP debated and adopted a proposal for a directive establishing that Member States may decide, within 60 days, on the *pricing and reimbursement scheme for generic medicines*. As such, less expensive medicines will be available more quickly for patients.

In terms of foreign policy, during the plenary session, Catherine Ashton, the Commission Vice-President/High Representative of the European Union for Foreign Affairs and Security Policy made a statement regarding the *22nd session of the United Nations Human Rights Council* and the President of the Tunisian Republic, Moncef Marzouki, was invited to deliver an address in formal sitting (6 February).

For additional information, please visit: <http://www.europarl.europa.eu/portal/ro>

Mariana Bara

Paul De Grauwe, **Economics of Monetary Union**, 8th edition, Oxford University Press, 2009, 290 p.; ISBN 978-0-19-956323-4
– Book available at the Documentation Centre of EIR –

Paul De Grauwe, Professor of International Economics at the University of Leuven, Belgium, offers a manual that brings to our attention the benefits and costs of a monetary union in general and, at the same time, the main features of the most important monetary union in the world, the euro zone. The book offers an analytical framework of policies, giving students a solid basis for research on a monetary union. The text is updated every two years. De Grauwe's research is related to topics in fields such as: international monetary relations, monetary integration, theory and empirical analysis of the foreign exchange markets and open-market macroeconomics. Paul De Grauwe structures the book **Economics of Monetary Union** in two parts: "The costs and benefits of Monetary Union" (5 chapters) and "The Monetary Union" (6 chapters).

In the first part of the book, the author analyses the costs and benefits of a single currency of the European Union. The author also brings up the context of the financial crisis in 2007 and its potential effects on a monetary union. In the second part of the book, the author analyses the manner in which the European Central Bank was designed to run a single monetary policy and, at the same time, the shortcomings of this project. The problems of the political independence and responsibility of the European Central Bank are widely discussed in the second part.

The first chapter "The costs of a common currency" brings to the foreground the differences between countries, the author observing that countries use national monetary policies, also in the field of exchange rate, in order to correct these differences. This chapter proves that, in most cases, there is an alternative to using national monetary policies as an instrument. The author gives the example of a country confronted with the loss of domestic competitiveness, which, in order to regain it, resorts to cutting salaries and/or increasing prices, alternatives which, in most cases, are painful for the population. Thus, De Grauwe thinks that a country basically does not gain anything from relinquishing its currency and joining a monetary union. In this chapter, the author does not bring into discussion the benefits of the common currency, minimising to a certain extent their potential.

The author analyses the reasons for which countries may consider the accession to a monetary union to be costly. The optimum currency area theory has been subject to much criticism, developed in the chapter "The theory of optimum currency area: criticism". First of all, the author wonders if the differences between countries are important enough to give rise to distortions. Secondly, he wonders if it is possible that the use of national monetary policies, including the exchange rate, is not very efficient in correcting the differences between nations.

In the next chapter, "The benefits of a common currency", the author identifies the main benefits of a common currency. Firstly, a common currency in Europe reduces the costs of transactions, resulting in the identification of direct and indirect benefits that stimulate economic integration in Europe. The main advantage of eliminating exchange rates within the European Union is that the risk of extreme fluctuations no longer exists. Lastly, greater price transparency, ensured by using a single currency, can increase competition, which will benefit consumers.

Next, the author compares the costs to the benefits synthetically, assessing the arguments of EU states for launching EMU and the risks they have taken. This cost-benefit analysis also applies to other countries in the world: Latin America, Eastern Asia and Western Africa, where the idea of creating a monetary union is still vividly debated.

In the last chapter of the first part, "Monetary and Political Union", the link between the two types of union are analysed in detail. There are two schools of thought. According to the first one, a monetary union cannot survive in the long run without a strong political union among the member states, arguing that monetary unions that were not embedded in a political union did not survive. According to the second school, the present degree of political unification reached in the EU is sufficient to guarantee the long run survival of the monetary union. The debate between these two views is made difficult because, while a monetary union can easily be defined, the concept of political union is much more difficult to define.

The second part of the paper starts with the presentation of the monetary arrangements between nations which are far from a monetary union, but observe certain rules and constrain the monetary policies of the participating states. De Grauwe illustrates these monetary arrangements, referring to two examples of so-called "incomplete" monetary unions: the Bretton Woods system and the European Monetary System.

In the chapter “The fragility of incomplete Monetary Unions”, the author focuses on the dominant challenge of these monetary systems, namely the risk to face a speculative crisis that may lead to their collapse. From this chapter we learn that fixed exchange rate in Europe can work as a device making the transition to a full monetary union, but that the fixed exchange rate system is too fragile to work as a permanent monetary system.

The strategy of the Maastricht Treaty for the transition to a monetary union in Europe was based on two principles: firstly, the transition was designed to be gradual, extending over a period of several years and, secondly, the entry into the Monetary Union was made conditional upon the compliance with the convergence criteria. In the chapter “Transition to a Monetary Union”, the author provides a detailed analysis of the Maastricht Strategy, also emphasising the fact that all the financial crises that have hit many of the new EU Member States made them express their wish to join the euro zone as soon as possible.

Chapter 8, called “The European Central Bank” presents this institution (ECB) as being the central part of the European Monetary Union. It is the institution that took over monetary competencies from the national banks when the euro zone was created in 1999. In this chapter, the author analyses the nature of the institution and, at the same time, criticises the way in which ECB was designed, since the errors in ECB’s design have become apparent after the financial crisis.

The chapter “The monetary policy in the euro zone” brings to light the issue of managing monetary policies in the euro zone. Firstly, the major problem ECB faces, namely the management of monetary policies in a union where asymmetric shocks occur, is identified. Then, the author focuses his attention on setting intermediate and final goals of monetary policy. He talks about the goals in relation to ECB’s monetary policy strategy and, finally, about the instruments available for ECB to achieve its goals.

The optimum currency area theory, discussed in the first two chapters of the book, offers interesting perspectives on the management of national fiscal policies in a monetary union. In the chapter “Fiscal policies in monetary unions”, the author seeks to develop these ideas and, at the same time, to answer the following questions: What role does fiscal policy play in a monetary union? How independent can national fiscal policies be? Does a monetary union increase or reduce fiscal discipline? Are there any rules - and if the answer is in the affirmative - what rules should be applied in order to restrict national fiscal policies?

The *euro* has important implications for the financial markets in Europe and for international monetary relations worldwide. In the last chapter, the author analyses the factors that can influence euro’s evolution as international currency. One of them is the economic dimension of the euro zone, another one is macroeconomic and monetary stability. These are the requirements for the successful use of a currency on a large scale. Another condition would be the refinement of financial markets supporting the currency. But the subsequent developments of the financial crisis have given rise to a certain degree of incertitude regarding the future of the euro as international currency, which will largely depend on the ability of the authorities of the euro zone to identify solutions for putting an end to the crisis.

Cristina Dobrinou, intern

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