

The Birth of the Euro, by O. Issing (Cambridge, Cambridge University Press, 2008, ISBN978-0-521-73186-7); xiv+260pp., L15.99.

This book tries to shed new light on the evolution and performance of the European monetary union over the past 10 years. The Euro Area is worthy of in-depth study because it represents a singular experiment in monetary economics. Although there are some historical examples of monetary unions, never before have such a large number of well-developed economies voluntarily come together to form a monetary union. Therefore, many institutions (IMF, European Commission, ECB...) and think-tanks (Bruggel, NBER...) have recently issued assessments of the performance followed by the Euro Area since the birth of the Euro. However, the former reports are mainly collective works and a more homogeneous (single authored) book was lacking in the market. Otmar Issing is an especially qualified voice in this respect. He is an internationally recognized expert in the area, a former member of the Board of the Deutsche Bundesbank and a founding member of the Executive Board of the European Central Bank from 1998 to 2006.

This book can be very useful because it provides a comprehensive analysis of the evolution of the Euro since its inception. It consists of six complementary chapters that provide a magnificent overview of Euro area functioning. Chapter 1 is mainly an updated version of the preface while the book starts in a proper way in Chapter 2 where the author presents the historical background of the European Monetary Integration process. Chapter 3 describes in depth the institutional principles behind the European Central Bank as well as its policy strategy and institutional framework. Chapter 4 gives a forefront description of the rationale behind the decisions taken by the Governing Council during the period analysed while Chapter 5 explains the compatibility of monetary policy with the fiscal policies and the exchange rate policy. Finally, Chapter 6 briefly concludes and presents the challenges for the future.

All in all, the book is an excellent reading for anyone interested in the European monetary integration process. There is no doubt that future research on the Euro area should address an important part of the issues covered in this book. Finally, if the book has a weakness, it could be that it does not cover the current international financial crisis and the different ways the Central Bankers are addressing it, which can give an overoptimistic view of the Euro.

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