ences” of parties change as the constellations of supporting interest coalitions shift allegiance. But Roemer’s view does have the advantage of explaining the personal commitment of party activists (although he does not take advantage of the existing formal work on party activism, such as Aldrich, 1983).

The alternative Hinich and Munger propose focuses on behavior, which is observable, rather than belief, which is easy to disguise and useful to misrepresent. The key is for parties to be able to persuade voters that party members care about policy. Commitment to a policy position represents a depreciable capital asset, or reputation. It is quite possible that parties really do care about policy. But it is clear that the key to solving the problems inherent in the classical Downsian approach require no more than the ability of parties to evolve and use institutional means of seeming to care.

MICHAEL C. MUNGER, Duke University, Department of Political Science, Box 90204, Durham, NC 27708, U.S.A.

References


European Monetary Union (EMU) has, and continues to do, fascinated armies of scholars and Ph.D. students, and there is consequently no shortage of books on this issue. Curiously, there is very little literature indeed that uses a thorough interest group approach to EMU. So a book that promises to use a public choice perspective on EMU is still welcome. The standard “political economy” approach falls far short of providing this, as it often speculates about political interests in EMU but rarely makes the step from a welfare analysis, as in the generally used optimum currency area approach,
towards a real and comprehensive positive analysis that looks at private interests and how they shaped and influenced the monetary history of Europe. Unfortunately, this book neither makes the step. It also gets caught in the optimum currency area debate and finds it very hard to move beyond that framework. The book discusses and explains the public choice approach but falls short of really applying it. This is a chance missed.

The first substantive chapter begins with a survey of attempts at integration in Europe in the 19th century. This part is rather short and it suffers from its brevity. Readers not familiar with the history of integration in Europe will probably be lost; one has to know the main background to understand the narrative that Jennifer Martin-Das provides. Specialists of this history, however, will not be happy with the presentations either because there are too frequent inaccuracies to make this chapter convincing. The next chapter on post-World War II integration is a bit longer and broader and better serves the purpose of making readers familiar with the background to the present project. It takes the reader from the European Payments Union to the “snake in the tunnel” to the ERM and the Maastricht treaty.

It follows the leitmotif of the book, the introduction of the “theory of currency unions”, that is the optimum currency area approach. This chapter also discusses the main instruments that policymakers can use, monetary policy and fiscal policy, how they work and how they are institutionalized. The chapter briefly deals with the costs of monetary union too. Chapter 5 presents Europe in light of the optimum currency area theory, while chapter 6 looks at the monetary policies in the countries that form EMU and how the fiscal policies of member countries interact.

Then the book finally turns to the public choice approach by describing the motivations of politicians, voters and interest groups as this theory views them. There is little application to the EMU, although the roles of the Parliament and the Commission are described. This is continued in the next chapter, where the role of these bodies in monetary policy is depicted. After that, the book returns to the evidence on shocks and adjustment mechanisms in the member countries and provides a lot of empirical evidence on these. There is also a short discussion on how different industries and regions would be affected by monetary policy and that this might lead to political conflicts in the member countries and among the countries. There is no evidence presented on these policy conflicts, however.

The final chapter comes back to the theory of public choice by making first the connection between political support and macroeconomic developments in a country, before employing the instrument of win-sets to speculate if and how countries with different preferences might be able to see their preferred policy implemented. Here, as in earlier chapters, the main underlying assump-