"EC History: A Monetarist Interpretation"


Abstract

The recent publication of Andrew Moravcsik’s The Choice for Europe invites re-examination of the EC project. It is the most ambitious, well-informed and complete attempt yet to develop a historical interpretation—what he calls an "analytic narrative"—based on a careful empirical analysis of critical events. Such an interpretation looks for the underlying motive for freer trade and closer union and finds it in the commercial exporting interests, strongly intra-sectoral (pp. 494-496), of European states. His theory of EC negotiations revolves around the strength of national sectoral interests in industry and agriculture. He thus confirms the findings of Alan Milward and his school, who have stressed the importance of exports and national political economy in a broader sense in the formation of European institution.

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Monetarism is a school of thought in monetary economics that emphasizes the role of governments in controlling the amount of money in circulation. Monetarist theory asserts that variations in the money supply have major influences on national output in the short run and on price levels over longer periods. Monetarists assert that the objectives of monetary policy are best met by targeting the growth rate of the money supply rather than by engaging in discretionary monetary policy. Moss, B. H. (1999) "EC History: A Monetarist Interpretation". In: UNSPECIFIED, Pittsburgh, PA. (Unpublished). The recent publication of Andrew Moravcsik’s The Choice for Europe invites re-examination of the EC project. It is the most ambitious, well-informed and complete attempt yet to develop a historical interpretation—what he calls an “analytic narrative”—based on a careful empirical analysis of critical events. Such an interpretation looks for the underlying motive for freer trade and closer union and finds it in the commercial exporting interests, strongly intra-sectoral (pp. 494-496), of European states. His theory of EC negotiations revolves around the strength of national sectoral interests in their Monetary History they were straightforward about their preference. To quote, Moravcsik: “We have found in our work that a concept of money which includes both categories of deposit (meaning both sight and time deposits) often displays a more consistent relationship to other economic magnitudes than a concept which excludes time deposits.” On this basis, a monetary interpretation of the Great Recession fits the central facts of the period. The core message of Friedman and Schwartz’s classic therefore continues to resonate. A common jibe at this argument is that it is “mono-causal.”