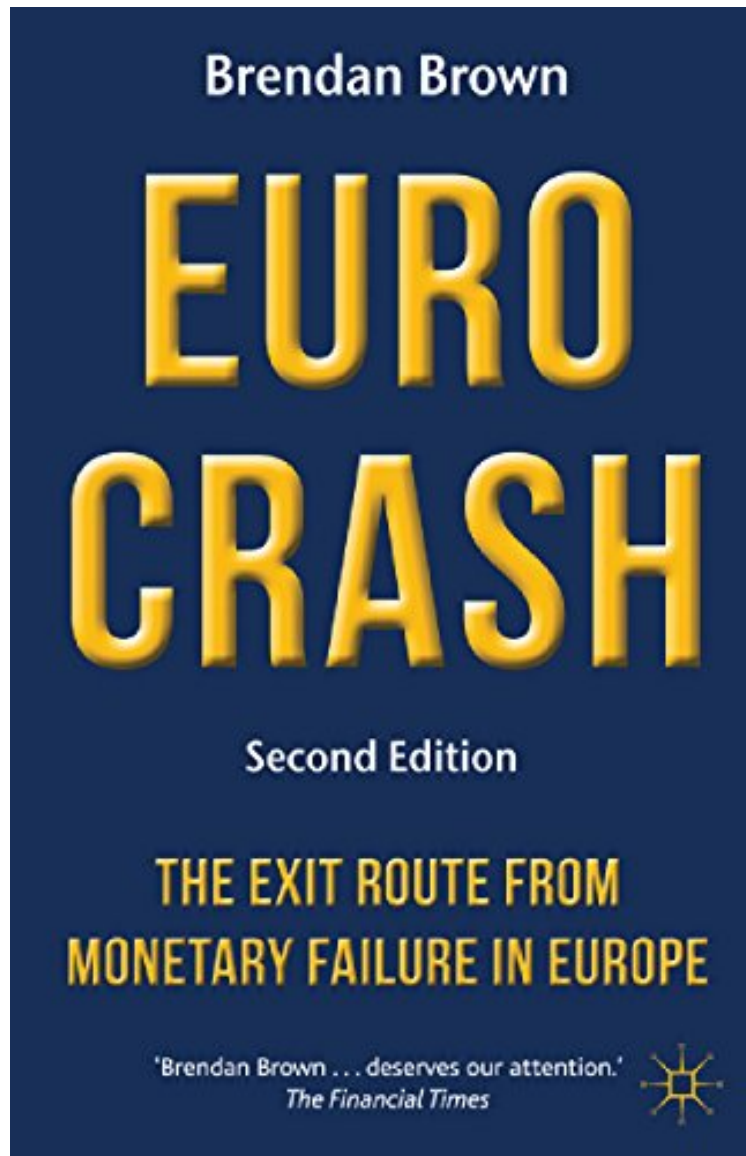


[Read free] Euro Crash: The Exit Route from Monetary Failure in Europe

Euro Crash: The Exit Route from Monetary Failure in Europe

B. Brown

*ebooks / Download PDF / *ePub / DOC / audiobook*



DOWNLOAD



READ ONLINE

#3449690 in eBooks 2012-02-17 2012-02-17File Name: B007H9H8RU | File size: 25.Mb

B. Brown : Euro Crash: The Exit Route from Monetary Failure in Europe before purchasing it in order to gage whether or not it would be worth my time, and all praised Euro Crash: The Exit Route from Monetary Failure in Europe:

1 of 1 people found the following review helpful. Excellent study of a failed experimentBy William PodmoreBrendan Brown is an economist and author. In this excellent book, Dr Brown shows why the euro has failed and why the European Central Bank [ECB] has not corrected this market failure. The euro has brought neither growth nor stability.He writes, "The central theme of this book is that the launch of the euro unleashed forces which played a

critical, albeit not exclusive, role in generating the global credit bubble and in making the post-bubble period unnecessarily painful and wasteful, most of all in Europe. A succession of bad policy choices by the ECB is an integral part of that case." Dr Brown argues that the problem is not too much public spending, but fatal flaws in the design of the eurozone and of the ECB. "The central bankers would rule over the new union with virtually complete independence from political authorities and with a vast amount of discretionary power." This led to a series of appalling ECB policy mistakes. The European sovereign debt crisis is the bust phase of a credit bubble that the ECB largely created between 2003 and 2007. It then imposed a monetary squeeze in late 2007 and most of 2008 when the US slump had already started. The ECB thought that the euro had brought economic independence from the USA, and said that the eurozone would not be affected by the US crash. It underestimated the danger that the US slump posed to the eurozone. Its President Trichet said in September 2007, "Global economic activity is expected to remain robust ... consumption growth in the euro-area should strengthen further over time, in line with developments in real disposable income, as employment conditions improve further." The ECB underestimated the credit bubble, did not see how the rapidly-expanding inter-bank lending market was blowing up the bubble, and ignored the fact that Europe's banks, German banks especially, were getting over-exposed to both the European and the US credit bubbles. The ECB saw EU members' growing real estate bubbles as the benign progress of economic union. But Spain's mortgage boom, the loans blowing up Eastern Europe's countries' 'economic miracle' (largely a bubble), the UK property boom and the private equity boom were all parts of the global credit bubble. Brown observes, "If German or French citizens had been told back in the early 1990s that the formation of European monetary union could leave them liable for huge transfers of aid to weaker members or to investors and banks with loans outstanding to those, it is all but certain that they would have rejected (with an overwhelming majority) the whole project. In Germany, citizens were never in any case given an opportunity to vote in a referendum, and in France the referendum (in September 1992) only came down in favour of EMU by a tiny margin." Brown concludes that only after the end of the euro, "a real likelihood of economic renaissance and growing prosperity would open up for all its one-time members."

Euro Crash diagnoses the three fatal design flaws in EMU as constructed by the Maastricht Treaty and analyses future likely monetary scenarios for Europe, demonstrating how the best of these would be the creation of a new narrow monetary union between France and Germany founded on strict monetarist principle and without a European Central Bank.

"The majority of economic analysts, especially those in financial markets, follow governments, central banks and international institutions in trusting to large-scale macroeconomic forecasts... Brendan Brown... belongs to the select band of commentators who prefer to derive their analysis from the market prices of key variables. For this reason alone he deserves our attention." - The Financial Times '...an insightful little book...' - Welling@weeden.com About the Author BREN DAN BROWN International economist practising in London, UK. He has authored many books on international financial topics, including monetary problems in US, Europe and Japan and asset market pricing (including exchange rates) in a global context. The book covers both contemporary trends and historical topics. Dr. Brown is a regular contributor to Japanese and European financial media. He was awarded a PhD by London School of Economics and MBA by University of Chicago.