BOOK REVIEW

Austerity and Economics: Why Germany and European Union supported austerity and why Europe is lagging behind in its recovery after the crisis

Mark Blyth: Austerity - The History of a Dangerous Idea, Oxford University Press, 2013

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A brief introduction about the economic crisis that started in 2008

Before discussing about austerity and the well documented and highly captivating analysis of it done by Mark Blyth[1] in his book “Austerity – The History of a Dangerous Idea” some introduction about the economic crisis that started in 2008 is needed. The reason for this logical and contextual need is the fact that in the European Union, particularly in the Euro area (in countries like PIIGS – Portugal, Ireland, Italy, Greece, Spain) as well as in the less developed member countries (Romania included), austerity started to be advocated as a cure for the crisis despite the fact that five years later the results are still expected to manifest in any significant way. The point we want to make here is that indeed starting with 2008 it was an economic crisis but not a global one. The demonstration for this statement is rather simple. The World Economic Outlook of the International Monetary Fund series 2000 – 2014 (covering time interval 1998 – 2013) shows that at the world economy level only in 2009 we had a negative growth (a rather small decline of -0.6% at world level and, at the same time, in the same year 2009, a high growth of +6.9 % in developing Asia), while for all years before and after 2009 the world economy registered a positive (and even reasonably high growth rate). The interpretation of this data is that the world economy system has not been in crisis, what we have is a repositioning of the participants, a restructuring, a period of redefining the hierarchies[2]. Therefore, from the very beginning the crisis should have been presented as a specific economic phenomenon that required specific solutions and not as a global phenomenon asking for overall, standard solutions.

In this context European Union has been the less performing component of the world economy (with the notable exception of Germany and, to a certain extent of Poland)), most of the time after 2008 Europe being unable to generate sustainable and significant economic growth. During all this period European Union through a number of political leaders and through the actions of the European Commission quite stubbornly insisted that austerity is the solution to its economic problems. In order to be accurate we need to point out that the support and sometimes the enforcement of austerity came largely from Germany and that although many European countries applied in various ways and intensities austerity policies,

[1] Mark Blyth is Professor of International Political Economy at Brown University, Rhode Island, USA and Director of the International Relations and Development Studies Programs with Watson Institute for International Studies.

[2] Bonciu, F., Baicu, G., World Economy Under Loupe: From Acute to Chronic Crises, Pro Universitaria Publishing House, Bucharest, 2010.

not all countries have been convinced to do so or happy about austerity's implications and their effectiveness.

Mark Blyth and his particular/personal approach to austerity

The publishing of Mark Blyth's book "Austerity – The History of a Dangerous Idea" in 2013 generated a lot of reactions and comments in international media. It had been considered a timely book as in 2013 five years had already passed since the onset of the crisis. And it had been also timely because in 2013 there was an evident difference between those who applied austerity (mainly countries in the European Union) and those who did not (mainly United States, but also Poland, Asian countries and others). The first group is still struggling in 2014 with difficulties, while the latter it is not in perfect condition but anyway overcame the effects of the crisis.

Aside of being timely the Mark Blyth's book has some characteristics that recommend it. **First**, from a reader's point of view, the book has a personal touch, in author's words it has a "personal history". This personal history refers to the fact that Mark Blyth originates from a relatively poor background in Scotland and had benefitted from the welfare state to survive and to be educated until he reached the current position of Professor of International Political Economy at Brown University in Rhode Island, USA, and Director of the International Relations and Development Studies Programs with Watson Institute for International Studies.

The author mentions that he could became what he is today exactly because of the state and the welfare programs that allowed him to have a home, food and education. All these areas (social housing, state retirement pensions, free access to education, etc.) have been subject to serious budget cuts under the umbrella of austerity policy and therefore those who are born today in less fortunate families or environments have far less chances than they could have some decades ago. Under the austerity policies like those promoted in Europe "workers bail bankers", social mobility has almost stopped and a new "Mark Blyth" would no longer be possible. As a consequence talented but less fortunate children of today would no longer become professors. This is the personal touch of the book and it is convincing.

Second, the author is very clear from the beginning in stating what type of austerity he has in mind and that the idea of obtaining economic growth from cuts (that is austerity) is a "dangerous nonsense". And because austerity may mean many things to many people Mark Blyth explains from Chapter 1 what type of austerity he is goings to study and combat: "Austerity is a form of voluntary deflation in which the economy adjusts through the reduction of wages, prices, and public spending to restore competitiveness, which is (supposedly) best achieved by cutting the state's budget, debts, and deficits. Doing so, its advocates believe, will inspire "business confidence" since the government will neither be "crowding-out" the market for investment by sucking up all the available capital through the issuance of debt, nor adding to the nation's already "too big" debt."

By stating at the very beginning this definition Mark Blyth makes a strong and clear distinction between eliminating waste, theft or corruption on the one hand, which is a thing universally supported and the reduction of aggregate demand as a route to economic growth, on the other hand, which is a completely different story. To put things in a broader context we may say that from a technical or engineering point of view, it is possible to increase energy efficiency and therefore it is possible to produce more with less, but all within the limits of a sub unitary (less than 1) efficiency ratio. This context means that when we start reading the book we have to take into account that the author takes a clear position on signaling the dangers of austerity as a general idea of obtaining growth by reducing aggregate demand and has no reference at all to other cuts that deal with inefficiency, waste, bureaucracy or corruption.

Third, Mark Blyth approach to austerity is at the same time functional, with the busy reader in mind. Not only the chapters are conceived as modules but they can even be read separately, function of the time or immediate interest of the reader. In the preface to the book the author is giving instructions for this modular approach: chapter one refers to the implications of austerity or what is at stake; chapters two and three refer to why austerity is promoted particularly in Europe and how the crisis in United States generated such significant effects in Europe; chapters four and five research the origins and history of the concept of austerity; and chapter six explains why austerity is such a dangerous idea.

Fourth, the book is based on an inter-disciplinary and chronological approach that combines history, sociology, economics and politics. In this way the concept of "austerity" and its various interpretations are revealed together with the interests of those who supported it in various circumstances and sometimes for very different reasons.

The added value of the book "Austerity – The History of a Dangerous Idea"

What makes primarily this book valuable is the fact that it brings a solid foundation to any discussion on austerity. It is indeed a "history" of the idea of austerity that traces the roots of the concept to the Enlightenment era, mainly relating it to the works of John Locke, David Hume, Adam Smith and later on to those of David Ricardo. During the first part of this historical journey the austerity concept is analyzed for a time interval of several centuries which include the period 1692 – 1942.

Reading the book it is of interest to find that the current position against state and state intervention in economy which is manifested under various forms and it is stated most openly by libertarians originates in the seventeenth century when the state was to a large extent identified with the king (head of state whatever the name of this position) and the debt of state was therefore the debt of the king. For the emerging capitalists as a social class less state meant less money for the kings and aristocracy and the fundamental role of the state in their view had to be limited to the protection of property. The intellectual roots of austerity are traced by the author to the heart of economic liberalism that feared government debt because this affected savings, merchants and accumulated wealth. Mark Blyth explores the evolution of austerity related approaches starting from the "liberal dilemma about the state: can't live with it, can't live without it, don't want to pay for it". He points out that the concept of austerity as it is perceived and presented today appears once with the modern state in the nineteenth century.

One value added aspect of the book is the strong component of economic doctrines analysis that covers the classics (John Locke, David Hume, Adam Smith, David Ricardo but also John Stuart Mill and others), the Treasury view of the nineteen-twenties Great Britain, the new and neo-liberalism (with prominent figures like T. H. Marshall, John Maynard Keynes, and William Beveridge), Keynesian approach and Austrian economists (in particular, Friedrich Hayek, Ludwig von Mises, and Joseph Schumpeter). Closer to our times Mark Blyth explores the monetarism of Milton Friedman, the Washington Consensus of the International Monetary Fund and the World Bank, and a rather specific and at the same time strange concept of "expansionary austerity" that emerged as part of the postwar German ordoliberalism and at Bocconi University during the 1980s and the 1990s. The presentation of the fight of ideas that emerge, disappear and re-appear in new formats is really fascinating.

As Germany acted after 2008 within the European Union not only as the strongest economy but also as the strongest supporter of austerity the understanding of roots and later development of German ordoliberalism is of paramount importance. One of the major achievements of Mark Blyth and his book, at least in our opinion, is the clear explanation of an apparent paradox: how came that Germany supports austerity and this translates for the countries where it is applied into cuttings of the state budget (meaning less state) and at the same time the strongest European economy (that is Germany) is characterized by a powerful state?

The answer to this paradox is found in a particularly valuable part of the book which explains the origins of the ordoliberalism and its German context. The explanation is long and complex and includes such interesting observations as the role played by the state in "late-industrializing states" where a particular relation developed between the state and the markets.

Leaving aside Great Britain (that was the pioneer of capitalism and had the advantage of the first comer) and the United States (that was also an early player and rather isolated geographically) Mark Blyth tell us that: "*all late developers have a scale problem. To catch up with already industrialized states, the state in a late developer must underwrite the risk involved in investment because the scale of the capital required to industrialize after other states have done so outstrips the capacity of any individual entrepreneur to do so .... In playing this role, the German state, whether Wilhelmine, fascist, or democratic, has always accorded itself a more directive and coordinative role in the economy than is typical of liberal states. Critical throughout Germany's development has been the role of the state in suppressing consumption and increasing savings to provide adequate pools of capital for large-scale industrial investments, while also providing transfers to smooth, rather than block, such policies*."

It is also interesting to find out that in the 1930s when the concept of ordoliberalism was developed by the Freiburg school of economics the target of criticism were the private economic cartels and not the state. Under the specific German conditions competition and not consumption appeared as the solution to growth. As Blyth tells us: "*By attacking concentration and cartels while keeping prices stable, ordoliberals hoped to generate growth by enhancing the competitiveness of German firms and the attractiveness of their products. The policy objective of these institutions was therefore the encouragement of 'achievement competition' rather than 'impediment competition' whereby the quality of products manufactured would create the demand for them, in a modern supply-side restatement of Say's law. Under such institutional conditions the benefits of rapid growth would flow to all members of society*."

By stressing competition as an engine to growth and benefitting from the support of a strong state as well as due to some historical constraints related to its internal market Germany developed especially after the second World War as an export oriented economy. Once this historical framework is finished it is rather clear why Germany is the successful export oriented economy of today and why Greece, Portugal or Romania can not follow in its steps.

After analyzing the historical becoming of the post-war Germany, the country that imposed to a large extent austerity within European Union after 2008 and which was quite often presented as a model for the rest of the member states Mark Blyth points out several flaws in this logic: **the first** is the fact that not all countries are Germany (for the historical reasons mentioned above), nor they could be even if they want to; **the second** is the fact that Germany has export surpluses exactly because other countries are buying her goods and therefore run deficits; if all European countries were like Germany and exported as much, then Germany could not be as strong and well performing as an exporter; **the third** aspect is that if all European countries would have export excedents who would have deficits ? As Mark Blyth puts it: "*that made Germany rich was only possible precisely because other countries were not doing the same at the same time*". The problem is not a new one, it confronted mercantilism supporters during the 16th to 18th centuries.

In relation to the post 2008 situation a central idea presented and supported in the book is that the European debt crisis largely originate in the private sector and the decision to rescue many European banks (that took the risks of speculative investments) led to the fact that bad bank debts were transferred into public debt and quite suddenly public spending appeared as the cause of crisis despite lack of evidence. As the author says: "*The result of all this opportunistic rebranding was the greatest bait-and-switch operation in modern history*.", and continues: "*What were essentially private-sector debt problems were rechristened as 'the Debt' generated by 'out-of-control' public spending*."

In explaining the difference in approach to the banks problems in United States and Europe Mark Blyth highlights two aspects: the first is that European Central Bank is not allowed to act as a lender of last resort for saving the banks, an option that is possible in United States; the second aspect that differentiate Europe from United States is that European banks are too big to rescue. As a proof of this in 2008 in United States the combined assets of the six largest banks represented 61 % of GDP, while in Germany the two biggest financial institutions (Deutsche Bank and Commerzbank) had assets equal to 114 % of GDP, and in France the three biggest banks (BNP Paribas, Société Générale, and Crédit Agricole) had assets equal to 316 % of GDP.

Another factor that complicated the situation in Europe and oriented towards the adoption of austerity measures was the Euro zone and its mechanisms. In the Euro zone the members can not print money, can not devaluate, can not let the banks default, can not cut taxes and can not increase government spending. What else is left? Only austerity, but this is not supported as a growth policy either by theory or by practice.

Mark Blyth explains clearly that we may draw a parallel between the gold standard and the Euro zone (as in both you can not devaluate, inflate, or default) and shows that austerity did not provide results in Europe in the early 1930s but on the contrary it led to the Great Depression and further on to the second World War.

In the same context an interesting contradiction that is revealed by the author refers to the fact that the various rules and regulations specific to the Euro zone and in fact specific to all member states (such as the Maastricht criteria, the Stability and Growth Pact, the European Semester, etc.) have as subjects the member states but they do not provide for banks (that is private entities) that may behave badly. A rather long quote here from Mark Blyth's book may be illustrative: "*By looking only at inflation rates, budget deficits, and state debts, EU planners failed to see the growth of a banking system that is too big to bail. The price of their hubris is the belief among European elites that only a decade or more of unremitting austerity will suffice to prop them up, perhaps at the ultimate cost of undermining of the European political project. This may be the true price of saving the banks. Not just the end of the euro, but the end of the European political project itself, which would be perhaps the ultimate tragedy for Europe*".

In relation to the social implications of austerity policies in Europe Mark Blyth points out to the unfairness of these policies that put most of the costs on the poorer segments of society which had the least to do with the onset of the crisis. In his words: "*Few of us were invited to the party, but we are all being asked to pay the bill*." And he also stresses that austerity creates in fact a vicious circle in that cutting aggregate demand can not create jobs which in turn can not create demand. What it is to be appreciated is that the author finds solid arguments to some widely accepted statements of the austerity supporters. Thus, to the usually quoted saying "*more debt doesn't cure debt*" he retorts with "*We tend to forget that someone has to spend for someone else to save; otherwise the saver would have no income from which to save.*"

In order to trace the historical roots of austerity policies the book analyses at length the austerity episodes in various countries between 1914 – 2012 and gives some convincing examples from the inter-war period: Germany in 1923 – 1933, United States during 1921 – 1937, Great Britain during 1921 – 1939, Japan during 1921 – 1937, France during 1919 – 1939. The examples are well documented and really convincing in proving why austerity did not work in any of the mentioned countries and by worsening the situation it eventually led to World War II.

An important part of the analysis presented in the book refers to the relation between the Austrian economic school and austerity. And it is here that we find another particular paradox. After 2008 in the European Union austerity (that is cutting of state budget expenses and therefore having less state) was supported by Germany (that is ordoliberal and has a strong state, it is true with a specific type of state power) and by the diverse representatives of the Austrian economic school that are against any form of state intervention in the economy.

The paradox consists in the fact that the two major supporters of austerity (Germany as a major exponent of ordoliberalism and the representatives of the Austrian economic school) have different if not antagonist positions vis-à-vis the state relation with the market economy. As regards ordoliberals, Mark Blyth explains that: "*despite their deep misgivings about the welfare compensation, [they] keenly appreciated that the "stability and security [of] the working class was prerequisite to securing the market economy*. *As a consequence, although the ordoliberals really did not want the economic constitution to be tied to a welfare state, circumstances and politics dictated otherwise: the market economy had to become social*".

Maybe it is worth here to read again article 3, paragraph 3 from the Treaty of Lisbon: "The Union shall establish an internal market. **It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress**, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance"[3]. The provisions of article 3 include the idea of "balanced economic growth and price stability", the concept of "a highly competitive social market economy" as well as the "full employment and social progress" all of which are consistent with ordoliberalism and the German understanding of the role of state and its highly specific type of intervention in economy.

Mark Blyth finds here some particularly valuable ideas that explain all that is to be explained about European Union, austerity and Germany's position: "*Germany both possesses and professes a liberalism that embraces the state and transforms it. In doing so, it does the same for austerity. The fact that ordoliberalism, ordnungspolitik, and the rest, are all about rules means precisely that good economic governance is not about spending*. ***If the rules establish a framework within which prosperity is established through the enhancement of competition, then the supply side of saving and investment, rather than the demand side and consumption, still rules the day.*** *Ordoliberalism may have modernized liberalism, but its economics in many ways remain as classical as Smith and Hume*.

In the context of a late-developing, export-led economy that needs to force savings to catch up the British, this makes perfect sense: Erst Sparen—Dann Kaufen (that is first save, then spend). But … [this] rather spectacularly ignores the fact that for someone to be running an export surplus, someone else must be running a deficit. We cannot all run surpluses and save. Someone has to spend so that there is demand for these exports. Thus, a fallacy of composition of a different type rears its head again; and this is where the transfer of these austerity-based principles into the EU's constitutional framework and in Germany's policy response to the crisis, really shows up. If Germany's focus on rules, obligations, a strong monetary authority, a weak parliament, and no spending to compensate for busts sounds familiar, it should. It's the basic design of the EU. Germany's response to the crisis, and the crisis itself, both spring from the same ordoliberal instruction sheet".

[3] Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007, Official Journal of the European Union, C306, Volume 50, 17 December 2007.

In fact, Germany also influenced consistently the European Union approach to the functioning of the European market even before the crisis from another perspective and that approach failed. The centrality of the competitiveness and competition could be found in the Lisbon Strategy launched in 2000 that aimed at transforming Europe into "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion"[4]. By 2010 the Lisbon Strategy has been evaluated a failure. The Europe 2020 Strategy that followed has been designed much along the same lines with Lisbon Strategy and as of early 2014 seems to be as (un)successful.

The idea that one-size-fits-all solutions does not function is not new. However Mark Blyth draws an original parallel between the failure of the Washington Consensus (liberalize and economic growth will automatically come) as an universal recipe to economic success and the failure of the German ordoliberalism recipe (growth through saving and becoming competitive and not by consumption) as a solution for late comers to the development table as Greece, Portugal, Spain or even a late, late comer as Romania.

However, such provisions as those envisaged by German ordoliberalism are not at all in line with the Austrian economic school that ideally aims at an entirely self-regulated, free market economy. Speaking about the Austrian economic school Mark Blyth is consistent in having a historical approach. Therefore he starts in presenting the ideas that underlie the Austrian economic school starting from the late nineteen century in the former Austrian-Hungarian Empire. Blyth explains that: "*First ignored and then defeated in Europe, Austrian ideas survived in America, where their popularity has ebbed and flowed for nearly a century. Although battered and beaten-down by the Keynesian revolution after World War II, Austrian ideas never quite disappeared from the American scene. They staged something of a comeback in the 1970s when Hayek was awarded the Nobel Prize in economics and served as a popular justification for Reagan's supply-side policies, but they disappeared again until the current crisis brought them back to the fore. Why this reappearance? The answer lies in what they said about banks.*"

What the Austrian economic school said about the banks and that seemed highly acceptable for the Americans after the onset of the crisis was the following: "*It's all about the banks producing cycles of boom and bust that are always made worse by the government getting involved either through central-bank-based monetary policy or through simulative fiscal policy. Austerity is the correct and only possible response to a slump*."

The big problem with the Austrian economic school is when the solutions are checked against public policies and institutions of the contemporary economies. Can someone imagine the total elimination of government from economy or the giving up of fractionary reserves and reliance only on real money and real savings? And can someone really guarantee that left by themselves all economies will self-heal? A wise remark by Mark Blyth is that contrary to what Schumpeter said about the positive role of innovation and entrepreneurship, the onset of the financial crisis in the United State derived exactly from too much innovation and entrepreneurship in the financial sector via "*excessive balance-sheet leverage, the fragility of the shadow banking system (the repo markets), and the structure of complex derivatives*".

Mark Blyth concludes that: "*In sum, while the Austrian theory is very insightful in some areas, especially in covering the broad story of the credit cycle and the dangers of excessive debt, the Austrian policy proposal that follows from this analysis—"maximum austerity as quickly as possible"—makes little sense given what we know about how actual economies perform when they go through busts. Far from encouraging "self-healing," nonintervention and noncompensation can produce the politics of permanent austerity, as*

[4] The Lisbon Special European Council (March 2000): Towards a Europe of Innovation and Knowledge

Europe is finding out. Politically attractive to some, especially to antistatist conservatives, such ideas resonate in theory, but they detonate in practice."

A particularly interesting part of the book refers to the in depth scrutiny of some studies written in the 1990s that apparently proved that "expansionary contraction" does exist: the paper of Francesco Giavazzi and Marco Pagano from 1990: "Can Severe Fiscal Contractions Be Expansionary? Tales of Two Small European Countries" on Denmark and Ireland and that of Alberto Alesina and Roberto Perotti, "Fiscal Expansions and Adjustments in OECD Economies," from 1995 on 20 countries among which outstanding for the authors' demonstration were Ireland and Australia.

Mark Blyth shows that further analysis, including research done under International Monetary Fund aegis, proved that the conclusions of such studies were not consistent, leaving significant data and events outside analysis (such as effects of globalization or the inputs represented by European Union structural funds), or they were entirely misleading (for instance in Denmark cuts were made in a period of boom and not of crisis which changes entirely the situation while in Australia the demonstration invoked cuts in unemployment benefits and in capital taxes that actually did not exist at all). In brief the whole "expansionary contraction" concept was based on fiction, mistakes and inappropriate generalizations and therefore has no real support.

Some short conclusions on Mark Blyth's book.

Besides being a captivating lecture on the history of economic ideas and on arguments and facts that shaped European Union institutions and policies in the last decades and particularly after 2008 Mark Blyth's book "Austerity: the history of a dangerous idea" draws our attention on **three types of risks** faced by politicians, economists or other social scientists:

a) risks of generalizing ideas, policies and institutions that can not be generalized (that is by taking them out of their very specific historical and even geographical context). One example in this respect is the case of the German ordoliberalism. As Blyth says: " *It's a great instruction sheet—so long as you are indeed the late-developing, high-savings, high-technology, and export-driven economy in question. If you are not, as the periphery of the Euro zone is finding out, then it's a one-way ticket to permanent austerity*".

b) risks of extrapolating and implementing explanations of a school of economic thought (the Austrian economic school) to circumstances that are far away from those taken into account by the initial authors. Both globalization as a world phenomenon and European Union as a political and economic entity as well as the public values and institutions of the modern Western states have characteristics that do not allow for letting the economy and society as a whole to self-heal and re-balance no matter what the social costs may be and no matter how long it will take;

c) risks of believing that there are such things as absolute solutions, interpretations of reality or policies based on them. Monetarism and neo-liberalism made sense in the 1960s and 1970s in many Western economies. At that time, in his approach, Milton Friedman assumed that unemployment is voluntary. Can we speak about voluntary unemployment in the post 2008 European Union? Also the ideas of rational expectations and efficient markets made sense for some time but in the long run they failed to prove absolute and able to generate automatic solutions. The idea of state as an intrinsic distorting factor for the economy found a modern support in the public choice theories which introduced the idea of a political business cycle where the state spending was correlated to the electoral cycles and had as effect the periods of booms and busts that were the consequences of elected officials trying to maximize votes. The perfect solution to the risks presented by the public choice theories seemed to be the independent central bank. All these theories and ideas and other similar ones reflected parts of truth or reality or temporary realities. Making them absolute led through a complex inter-action to the idea that austerity is a bitter medicine that automatically heals provided that enough time is allowed. The only and major problem with this statement is that it is wrong. And it has been an irony of fate that the confirmation for austerity not being the solution came in June 2013 from the International Monetary Fund that rather criticized the European Commission for the measures imposed on Greece and other countries (despite the fact that IMF is a member of the Troika together with the Commission and the European Central Bank)[5]. In a more complete and complex way the confirmation that austerity is not the solution came also from the European Parliament that conducted an enquiry on the role and operations of the Troika (ECB, Commission and IMF) with regard to austerity programmes imposed to the euro area countries[6]. The Report voted in the European Parliament on March 13, 2014 also pointed out that the activity of the Troika as a whole was characterized by "lack of appropriate scrutiny and democratic accountability."[7]

In synthesis, Mark Blyth extracted three reasons why austerity is a dangerous idea: because it cannot work; because it is unfair in imposing a large part of the burden on the poorer segments of society (that was not at the origin of the crisis); and because it simply ignores the fact that all countries cannot adopt austerity policies at the same time and be successful in restoring growth.

Leaving aside the subject of austerity Mark Blyth's book leaves on the reader a long lasting proof on how powerful ideas can be and how they can shape the fate of humankind. At the same time the book invites us to make the effort of a holistic approach in trying to solve extremely complex problems of a global nature.

[5] Matina Stevis, Ian Talley, IMF Concedes It Made Mistakes on Greece, Wall Street Journal Europe, June 5, 2013

[6] Report on the enquiry on the role and operations of the Troika (ECB, Commission and IMF) with regard to the euro area programme countries (2013/2277(INI)), Committee on Economic and Monetary Affairs, European Parliament, Document A7-0149/2014, February 28, 2014

[7] Op.cit. p18.