

# Book Reviews

## Europe

Erik Jones

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### **Tangled Governance: International Regime Complexity, the Troika, and the Euro Crisis**

C. Randall Henning. Oxford: Oxford University Press, 2017.

£25.00. 320 pp.

Why did the Europeans involve the International Monetary Fund (IMF) in the bailouts of Greece, Ireland, Portugal, Spain and Cyprus? After all, Europe is a rich place; the countries needing support share the euro as a common currency and so can draw upon the resources of the European Central Bank (ECB); and Europe boasts a 'small army' of macroeconomists, many of whom have worked for the IMF at some point in their careers (p. 1).

The standard explanations revolve around expertise, credibility, trust and money. The IMF has long experience working with governments in distress, and has the authority that comes alongside its super-senior-creditor status. It is less political than the European Commission and less constrained than the ECB. It also has additional resources to lend to distressed countries. While European governments were initially reluctant to involve the IMF in euro-area business, they soon recognised the advantages that IMF involvement would bring.

Yet this is not the whole of the story, according to C. Randall Henning. The critical point, he argues, is that the presence of the IMF made it easier for Germany to control the bailout process. To understand how, it helps to think of the governance of international finance as a 'complex' of overlapping institutional arrangements. Each of the institutions is an 'agent' in a pattern of intergovernmental delegation. The principals vary depending upon the identity of the member states and their relative power within the organisation.

Within the European Commission, all member states are equally powerful – at least in theory – and so the Commission reflects the interests of both creditor and borrower states. Within the ECB, all member states are equally weak – again, at least in theory – because of the primacy of central-bank independence. The balance of forces is more clear-cut in the IMF: large creditor countries like Germany have greater influence. By pushing the IMF into an institutional troika with the Commission and the ECB, the German government can pull the whole complex closer to its national interests.

This is an innovative and interesting argument, which Henning supports with an excellent array of case studies. More important, Henning's argument adds to our understanding of international regimes in a way that resonates with what we know about domestic politics. Politicians seek to 'entangle' international, intergovernmental or supranational institutions for the same reason they strive for a separation of powers in constitutional arrangements. Division creates checks, balances and veto points that help to prevent an excessive (or unrepresentative) centralisation of authority.

The implications of Henning's argument are significant. If he is right, then integration is a self-limiting process within which states proliferate institutional arrangements as a way to tighten the limits on centralisation. This was as true when Charles de Gaulle proposed the Fouchet Plan in the early 1960s as it is in the context of China's new Asian Infrastructure Investment Bank. Henning's argument also helps us to understand the potential for international financial governance to descend into gridlock. Although his book went to press before the most recent impasse emerged in the third Greek bailout programme, these events would fit easily into his analysis.

Governance across countries is not so different from governance within them. Advanced industrial societies appear to be struggling at both levels of aggregation – particularly, but not exclusively, in Europe. Henning's work is likely to become required reading among international political economists interested not just in the management of Europe's recent financial crisis, but also the evolution of international economic regimes.

### **Unleashing Demons: The Inside Story of Brexit**

Craig Oliver. London: Hodder & Stoughton, 2016.  
£20.00/\$26.99. 420 pp.

Books based on diaries are often easy to read yet difficult to synthesise. Craig Oliver's account of the months leading up to the British referendum on European Union (EU) membership is no exception. It boasts a fast-paced narrative full of insight, hindsight, humour and score-settling – just what one