

# EuroTragedy: A Drama in Nine Acts

by *Ashoka Mody*

Reviewed by [Andrew Moravcsik](#)

In this book, the best history of the recent eurozone crisis yet to appear, Mody argues that the euro is dysfunctional “because it defies the principles of economics.” Monetary unions can work well only if inflation and employment rates converge, or if, as in the United States, mass migration, government transfers, and budgetary restrictions offset economic differences. None of this exists in the eurozone, so the monetary union has depressed growth, undermined the legitimacy of the EU, and exacerbated inequality. That is conventional wisdom, but Mody also makes a more original and disturbing contribution by demonstrating that European leaders knew all of this decades ago. They ignored the warnings of most economists, central bankers, EU officials, and even some politicians that the euro could do little good and colluded to whitewash official reports and suppress bad economic data. Mody recounts this history in admirable detail, yet his economic expertise is of little help in explaining why European leaders chose such an ill-fated course. That is perhaps because he passes over the exporters, bankers, wealthy citizens, senior citizens, debt-prone governments, and

other politically powerful groups that benefit, at least in the short term, from the single currency.

### **In This Review**

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