THE FUTURE OF EUROPE, by Alberto Alesina and Francesco Giavazzi, MIT Press, 2006.
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Although aspects of this book, particularly the beginning, may rub the heterodox economist the wrong way, the authors are successful in making a case for less control from the center. The ongoing theme is that EU government intervention that upholds monopolies and sets requirements on macroeconomic targets regardless of country should be scaled down. The argument for somewhat smaller government makes sense in this context.

Beware of the introduction, which makes a comparison between American and European views on inequality, one difference that supports the ideological significance of the European welfare state. Americans have a much higher tolerance for inequality, the authors argue, under the influence of the "American Dream" of upward mobility. Although the authors do not state that inequality is justified, is American market-oriented growth really, as they argue, something that should be transplanted to Europe? The question among heterodox economists has been whether American market-oriented growth is sustainable in the long-run, socially, in terms of inequality, and otherwise. The heterodox issue with the American economy is *mainly* that it is highly unequal. Ignoring this enormous issue, the authors make the case that aspects of US market economy should be installed in Europe.

Secondly, the authors take the view that Europeans work less, because they are overtaxed, which distorts market forces and imposes the illusion that Europeans can enjoy more vacation time. This assertion does not make much sense, particularly because Europeans uphold political regimes that support the current tax rates. If they were overtaxed, the correct response would be to agitate politically for lower taxes, rather than take a vacation. Apparently, Europeans support the tax regimes and are not lobbying for appropriate political or economic mechanisms to correct this state of affairs and induce them to work longer hours.

Despite these unsavory arguments and a quote from Ronald Reagan, we do agree that Europe needs to encourage more innovation by implementing better research and educational institutions, in order to increase productivity and product innovation, and therefore growth. We also agree that the enterprise arena must be made more competitive. Again, innovation and productivity are closely connected to financial incentives.

In addition, the authors discuss the need for reforming judicial systems and eliminating conflicts of interest to reduce the cost of doing business, which makes a lot of sense. Finally, fiscal spending cuts to prevent deficit spending are encouraged. The authors do not promote cutting essential redistribution programs, but rather urge the reduction in nonproductive programs that invest in areas that are already doing well, like infrastructure development.

This book offers some good advice in the direction of increasing market incentives for companies and decreasing government involvement in all aspects of European life. The heterodox economist will read it for this insight from a critical perspective.