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### Review of "Europe Isn't Working" (L. Elliott and D. Atkinson)

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a complex task, as it involves choices by multiple actors. Some interesting research covers secondary, though important, actors, including populations that choose between staying and leaving the conflict areas (chapter 11, by Ana María Ibáñez and Andrés Moya), the western public and governments (chapter 26), and international organizations (chapter 27). The principal actors, however, are the individuals who join the killing and the governments or organized groups that almost invariably start and direct the GMAs. A number of micro-level studies of participation, including chapters 9 (by Patricia Justino), 12 (by Maria Petrova and David Yanagizawa-Drott), and 15 (by Willa Friedman), as well as the social-interaction chapters mentioned above, speak to the first issue and make some substantial progress. The second issue, however, is more elusive. The easier part is the rationality of *means*, addressed in chapter 6—once the government has decided to destroy a group, why choose killing rather than alternative means (such as deportation, starvation, or enslavement)? The more difficult part is the rationality of the *end* itself—why would the government choose destruction of the group in the first place? The two theoretical chapters that analyze this issue model mass killing as a strategic choice of a government facing a rebel group in a context of insurgency or civil war (chapter 7, by Joan Esteban, Massimo Morelli, and Dominic Rohner) or as a strategic weapon in the contest between two armed groups for the control of a territory, as in Colombia (chapter 19, by Juan F. Vargas). Large-number datasets, mostly covering the post-World War II period and extensively discussed in chapter 3 (by Anderton) and used for empirical assessment in chapter 10 (by Anke Hoeffler), confirm that the overwhelming majority of cases fall within these coordinates. Here as elsewhere, the current hunt for large datasets is all well and good. However, there are extremes even among extreme episodes, and one such is surely the Holocaust—the paragon of genocides—which targeted a nonthreatening, non-territorial group uninvolved in the war. Clearly the rationality of the Holocaust itself—as distinct from the rationality of the means used and the incentives for participating in it (examined in chapter 14)—still eludes this

book's effort. Without it, traditional genocide scholars, clinging to a “primordialist” view (of the type “men kill because it's in man's nature”), may still hold the high ground, claiming that we economists are staging a play in which everyone falls into place, except that the main character is missing. It may well be that in the end we will have to yield and concede that the Holocaust is indeed beyond economics, but not before making a determined, concerted effort at it.

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*Europe Isn't Working.* By Larry Elliott and Dan Atkinson. New Haven and London: Yale University Press, 2016. Pp. viii, 312. \$30.00. ISBN 978-0-300-22192-3, cloth.

*JEL 2016-1777*

Larry Elliott and Dan Atkinson are two men with a mission. In the preface to their book *Europe Isn't Working*, the two British journalists are upfront about what that mission is:

There are those on the left who feel uneasy about voicing their concerns about the euro, in the main because of the company they have to keep. This book explains why those misgivings are unnecessary. The single currency was not, is not, and never will be a progressive project (p. viii).

This sets the tone for a self-confident attack on the European single currency—part left-wing take-down of the euro, part take-down of the europhile left.

Elliott and Atkinson are keen to remind the reader that their first collaborative effort, *The Age of Insecurity* (1998), anticipated that the European Monetary Union (EMU) would stumble. They are acutely aware that if a version of *Europe Isn't Working* had been published in the late 1990s, predicting some of the subsequent events instead of describing them in hindsight, it would now be hailed as prophetic. Appearing in 2016, however, it is hard to escape the impression that the book is fighting yesterday's war. As the authors themselves note about their main target audience, the British left, it has become “quite cool . . . to be not just against the single

currency but to voice doubts about the European Union itself” (p. 157). Given this, the misleading reference to “Europe,” which has somehow crept into the title of a book preoccupied with the euro, whiffs of a sales ploy for the Brexit era.

Many of the book’s key themes will be familiar to anyone who has followed the birth and life of the euro through the financial and opinion pages of UK newspapers: the EMU was conceived as a political project, with too little regard for the economics of a single European currency; its membership criteria and design reflect predominantly political considerations and compromises; the resulting heterogeneity of its members and institutional flaws left the euro vulnerable to crises; when such a crisis hit, the Eurozone’s emergency response was botched and consistently behind the curve. The consequences have been high unemployment in Southern Europe, economic stagnation for the Eurozone as a whole, and political strife among its members.

Elliott and Atkinson take aim at those parts of the left that had cheered the euro on, expecting the EMU to deliver economic growth, convergence, and cooperation among its members in a pan-European social-market economy. In practice, they argue, its effects have been the exact opposite. They illustrate their point by dedicating a chapter each to the euro experience of several different EMU countries: France, Ireland, Greece, Italy, and a counterfactual euroized United Kingdom (“a bullet dodged”).

While their account of the euro’s failings is opinionated, the flaws of the single currency, which Elliott and Atkinson highlight, are real. In the face of the asymmetric economic developments triggered by the global financial crisis across the Eurozone, the worst-affected countries were unable to cushion the blow through national monetary policies or exchange-rate devaluations. Together with limited labor mobility and insufficient fiscal coordination across European borders, this set the stage for large losses in output and employment. This aspect of the euro crisis vindicates the theory of optimal currency areas (OCA), which harks back to Robert Mundell’s (1961) pioneering article.

Some of the euro’s early critics, whom the authors cite approvingly—such as Paul Krugman,

Joseph Stiglitz, the late Rudiger Dornbusch, and the former UK Shadow Chancellor Ed Balls—were guided by OCA theory. Elliott and Atkinson acknowledge this intellectual debt as somewhat of an afterthought. From an economist’s perspective, the theory would have merited greater prominence in an endeavor such as theirs. It could have provided a framework around which to organize some of the themes of the book. Moreover, it would have allowed the authors to explore which of the euro’s troubles were foreseeable, and which have only become apparent *ex post*.

According to the emerging academic consensus (see Baldwin and Giavazzi, 2015), the inability of EMU members to conduct their own interest- and exchange-rate policy is responsible only for part of the Eurozone’s woes since 2010. The unchecked buildup of large internal imbalances during the boom years, fragile banking sectors, and the absence of national lenders of last resort created the conditions for sudden stops in capital flows, which amplified the crisis. Yet, as Frankel (2015) recalls, economists’ initial appraisals of the EMU paid little attention to the issues of debtor moral hazard and the appropriate bank supervision framework in currency unions. On a pessimistic reading, the euro proved more crisis-prone than economists anticipated in the 1990s. More optimistically, the crisis has laid bare underappreciated weaknesses of the single currency, which initiatives such as the fledgling European banking union now seek to address.

Elliott and Atkinson are skeptical about the ability and willingness of the Eurozone to take the steps towards further integration that are required to complete the euro. They strongly believe the time has come to ditch the single currency. To them, the seeming unwillingness to abandon a failed project is yet further evidence of the European Union’s frustrating inflexibility. At no point do they take a stance on what a “progressive” alternative to the euro should look like—or, at least, a more workable one.

Devising the former might be too tall an order, but even the setup of the latter is far from clear: a fixed exchange-rate regime, floating currencies, or some hybrid thereof all present their own challenges to a group of countries seeking

closely integrated goods and factor markets. Furthermore, as the authors readily admit:

All of these options would be costly, especially the demise of the euro. But all break-ups are painful and expensive (p. 256).

Since this is so, perhaps the EMU partners can be forgiven for trying to “work on it” first.

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## I Health, Education, and Welfare

*The Oxford Handbook of Economics and Human Biology*. Edited by John Komlos and Inas R. Kelly. Oxford and New York: Oxford University Press, 2016. Pp. xiv, 831. \$150.00. ISBN 978–0–19–938929–2, cloth. *JEL* 2016–1850

The *Oxford Handbook of Economics and Human Biology* explores, and to some extent defines, the field of economics and human biology. This field has expanded massively over the past decades, and focuses on how economic conditions affect human biological outcomes and how biological outcomes affect economic processes. The research questions overlap with the field of health economics; however, this book is less concerned with health and health systems, and more focused on measurable aspects of the organism, e.g., height, weight, blood pressure, and birth weight.

The book is a collected-papers volume of thirty-eight papers, where each paper provides an overview of a topic of interest. Although the

authors of these chapters are mainly economists, the handbook is interdisciplinary and seeks to be relevant also for anthropologists, historians, biologists, biochemists, physicians, environmentalists, and researchers in public health. Hence, it includes contributions from authors across different disciplines.

The book is divided into four parts. The first part aims to introduce the reader to the topic of economics and human biology. This part contains an introductory chapter followed by four chapters that provide a background on anthropometrics. The final chapter of the first part is by Gregory Coleman and Dhaval Dave and explores econometric methods in economics and human biology. The focus of the chapter is on identifying causal impacts of anthropometrics on economic outcomes, and vice versa. This chapter is a nice introduction to the many challenges faced by applied economists in this field of research, as it summarizes the main challenges and potential solutions. It is well-written and is therefore recommended for researchers that want to conduct empirical studies in economics and human biology.

The second part of the handbook is on biological measures as outcome variables. This part describes how variables such as height, body mass index (BMI), and biological well-being vary with changing economic conditions. The chapter also, however, explores the development of anthropometric measures, like obesity and height, over time and within subpopulations. This part of the book illustrates the *interdisciplinary nature* of this field of research and its wide-reaching consequences. For example, one chapter looks at slave heights, while another addresses cross-country variation in income inequality and children's health. This section contains well-written papers, though it could have benefitted from a theoretical model to link the different topics and simplify a complex area of research. An additional challenge in this field is to identify causal relationships, as discussed in detail by Chad D. Meyerhoefer and Muzhe Yang in their chapter on poverty and obesity.

The third part introduces the concept of using biological measures as determinants of monetary outcomes, productivity, and welfare. Many of the chapters discuss both how biological measures may influence economic outcomes, and