Book Review

When the party's over: The politics of fiscal squeeze in perspective, edited by Christopher Hood, David Heald, and Rozana Himaz. Published by Oxford University Press for the British Academy (Oxford, 2014).

In my civil-servant days, I found politicians exasperating beyond measure. They often made decisions that seemed to fly in the face of the obviously sound advice provided by budget analysts, economists, and other experts. *When the Party's Over* is an impressively coherent edited volume that does an excellent job of elucidating how and why political decision makers in a wide range of elected governments over nearly 2 centuries have so often apparently failed to follow expert advice consistently over time when determining and implementing fiscal policies. In this, the book confirms one bit of common wisdom and demonstrates its broad application. They are all the same, it would seem: concerned with re-election and party politics, and therefore reluctant to antagonize the median voter by imposing losses. This volume also demonstrates, however, that the well-meaning expert advice offered to politicians can be too simplistic, or simply wrong; that politicians can sometimes be unexpectedly wise, courageous, and public-spirited; and that luck and timing might be as important as character in determining success.

The upshot is a book that generates useful comparative and historically based lessons for scholars and practitioners of fiscal policy in democracies, albeit advice of the "it depends" variety, rather than hard-and-fast rules. It demonstrates that much of the received wisdom about the politics and political economy of dealing with fiscal shortfalls contains some kernels of truth, but should be understood more as a body of rules of thumb or hypotheses than as a body of valid, law-like general rules. Causal complexity, measurement challenges, and historical contingencies render valid parsimonious explanation and prediction largely unattainable for researchers, and mean that excessive devotion to parsimony can be actively dangerous for policy making, even as decision makers are often forced to make decisions quickly, in real time (to borrow a phrase from Irene Rubin), and with limited information.

The book is organized into three sections. In the first section, Chapter 1 provides a useful set of common research questions, a common analytic framework and taxonomy of types of "fiscal squeeze"—defined by the editors as the "political effort put into reining in public spending and/or raising taxes" (p. 4)—and an introduction to the political, social, and economic challenges associated both with closing fiscal gaps and with studying that activity. Chapter 2 rounds out the introductory section with a rich "spreadsheet" summary of some of the key quantifiable and categorizable variables from the nine illuminating political-economic case histories of fiscal squeezes—selected to represent different types of squeeze in different time periods and political systems, and at different levels of government—that follow in Part II. In the concluding section, Chapter 12 offers overall conclusions and lessons for researchers and policy makers.

Although it is not a quick or easy read—the material here is too rich and dense for that, in spite of being for the most part very well written—this book will be of real interest to researchers and scholars of fiscal policy and politics, government budgeting, causes of and responses to fiscal stress and distress, and political economy at all levels of government. The strategy of using a common framework and summary comparisons for detailed case histories presented by country experts yields a good combination of coherence and comparability with case-specific knowledge and insight. The resulting book could be a very useful supplementary text or book-review assignment for graduate courses in government budgeting or political economy, and possibly for advanced undergraduates as well. I would also recommend it enthusiastically to dispensers of macro-economic and fiscal-policy advice, whom I would urge to have the patience to read through it and absorb its lessons.

As the book's definition of fiscal squeeze suggests, the editors and authors here focus less on macroeconomic prescription than on the politics and political economy of increasing revenues and/or decreasing expenditures: "who gets what, how losses are imposed, who gets the credit and who gets the blame," and "what, if any . . . longer term consequences follow" (p. 9). Chapter 1, by Heald and Hood, lays out the basic framework and a typology of fiscal squeezes (hard vs. soft, expenditure-only vs. revenue-only vs. "double," exogenously vs. endogenously caused, and so on) and three common research questions, with corresponding hypotheses, for the case chapters. The research questions are: (1) whether fiscal-squeeze politics are qualitatively different from other types of politics; (2) how and why the electoral consequences of fiscal squeezes vary across episodes; and (3) whether any resulting fiscal and political changes are long-lasting or just a temporary "sugar rush."

Chapter 2, by Himaz and Hood, summarizes a great deal of information about the book's nine case studies into a dense "spreadsheet" tabular analysis of how the cases can be categorized and compared on a number of characteristics. This chapter is very dense with information, and a challenging read, but it provides a useful source of reference information for reading the individual chapters and contributes a great deal toward knitting them together into a whole. The time periods of the squeezes are defined, the squeezes are classified according to the taxonomies in Chapter 1, and a significant number of relevant contextual, institutional, and outcome variables are compared across the cases. The chapter shows that there was no set of conditions preceding fiscal squeezes that was common to all nine cases, that long- and short-term electoral consequences for the architects of squeezes varied greatly across the cases, and that major institutional changes rarely resulted from even the most severe squeezes.

Each of the nine case histories in Chapters 3–11 examines a different historical squeeze. Cases range in time from the 1840s to the turn of the 21st century, and examine fiscal squeezes by elected governments employing a variety of constitutional forms (federal, unitary, presidential, and parliamentary national governments) and levels of government (national, state, and local) on three continents—Europe (the UK, the Netherlands, Ireland, Sweden, Germany), North America (U.S. states, Canada), and South America (Argentina). The editors offer a thoughtful rationale for their intentional selection of cases and expert case authors as supporting a goal of generalization. At the same time, they acknowledge that the number of relevant variables is so large that nine cases are unlikely to provide definitive general answers about the effects, importance, and interactions of the many political and economic variables involved.

The case studies are all solid here. Individually and in comparative perspective they effectively make the case that there are significant challenges to devising generalized predictions about how the process and consequences of fiscal consolidation will unfold in any given case. They also demonstrate the value of a process-oriented, historical approach that seeks to understand the historical contingencies and fortuitous combinations of intention and chance that shape public-policy problems, solutions, and outcomes. And although they provide little basis for rigid, parsimonious prediction or prescription, they do demonstrate that some of what we think we know is at least true more often than not. The third rule of plumbing, that "[waste] don't flow uphill,"[1] is often the first rule of intergovernmental fiscal relations, even if the UK's 1922 "Geddes Axe" case disproves it as an invariant law of retrenchment outcomes. Policy making involves boundedly rational individuals and organizations operating in an environment characterized by imperfect and incomplete information, mixed motives, complexity, and multiple streams of problems and solutions. History matters, albeit in ways that can vary from one place and time to the next. It is sometimes better to be lucky than good.

The book's concluding chapter draws upon the spreadsheet and historical analyses of the nine cases of fiscal squeeze to answer the book's three research questions, and offer directions for continuing research. Fiscal-Squeeze politics are not invariably distinctive in terms of their causes and effects, compared to other political challenges. "Trying to dodge the blame may be a universal in politics," but it played out differently in different cases (p. 263). And there might or might not be significant long- or even short-term changes in fiscal policies as a result. Comparative analysis of many more cases, with greater variation across the types in the editors' taxonomy, and with "control" cases of non-squeezed politics, will be required to move beyond the disconfirmation of hypotheses demonstrated in the present book and toward the confirmation of propositions. A concluding section of lessons for policymakers is pithy and valuable, emphasizing both the reality that decisions about fiscal squeezes generally have to be made with too little time and information and the importance of nonetheless incorporating local, historical, business-cyclical, and global economic contexts into policy choice.

JONATHAN B. JUSTICE, PHD
School of Public Policy and Administration
University of Delaware
Newark, Delaware

1. The first two rules are, "Hot on the left," and "Cold on the right."