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BOOK REVIEWS

1485

Christopher Hood, David Heald, and Rozana Himaz, eds., *When the party's over: the politics of fiscal squeeze in perspective* (Oxford: Oxford University Press for the British Academy, 2014. Pp. 277. ISBN 9780197265734 Hbk. £60)

The subtitle hints at what this book is about. But it does not make it clear. Accordingly, we start with explanation. Fiscal squeezes—the meaning of which term is examined in a moment—are far from rare. (Despite the assertion in the book's opening sentence, the authors are not the first to notice that.) But aspects of them have been somewhat, though certainly not entirely, neglected by economists and economic historians. These are their political setting, the political circumstances in which they are likely to be effective, and their long-term political consequences. This book tries to deal with these subjects. It is a collection of papers, the product of two conferences of the contributors; it comprises 12 chapters, two introductory and one concluding, with nine country studies in between. There are 13 authors, drawn from a range of disciplines but primarily political science, with one who confesses to being an economist.

If we are to study fiscal squeezes it is useful to know what the term means. Economists are not much given to reflecting on definitions (that is an admission, not a boast, it should be emphasized). The authors of this book labour for clarity on the definition of fiscal squeeze. They define it as the 'political effort put in to reining in public spending and/or raising taxes' (p. 4). That is certainly novel, and equally certainly baffling. How do we define and measure 'political effort'? This problem is admitted (on p. 5) where we read 'fiscal squeeze is harder to measure than economic or financial outcome indicators' (why 'outcome indicators' incidentally? Nothing wrong with 'outcomes'). Reading the authors of the introduction on why it is harder to measure does not get us much further in understanding, for what we read is a list of things fully understood and allowed for in economic and historical research—the focus is normally on implemented rather than simply announced changes, and the fact that financial outcomes reflect factors other than the efforts of government. Being practical men and women, economists do tend to look at what people do rather than at what they say; and it is many years since Richard Musgrave, in his classic textbook on public finance, wrote of the need to distinguish between the effect of the economy on the budget and the effect of the budget on the economy.

My tone so far suggests lack of enchantment with this book, and indeed, its opening two chapters were for this reader a bit of a trudge through sometimes rather pompous and vague prose. Here are two examples from many, before moving on to better things. There are, we are told, 'soft' and 'hard' squeezes. Soft expenditure squeezes are 'when either (a) government spending falls relative to GDP, but such expenditure does not fall in constant price-terms or (b) expenditure falls in constant-price terms but not relative to GDP' (p. 8). Now, the first can be achieved by keeping spending in nominal terms rising more slowly than nominal terms GDP, while the second could be real terms spending cuts against a background of a falling real terms GDP. The former might be considered 'soft', but the latter is what Greece has recently been experiencing. Not many would describe that as soft. Vagueness of thought seems to have accompanied vagueness of language. Also in the introduction, we hear that a 'Marxist scholar . . . modified the traditional Marxist theory of the state (and argued that one of the state's roles would) . . . come into conflict with its

role in legitimating the capitalist system'. Legitimating? An ugly neologism replacing a traditional word—why? One further complaint is necessary: on page 10 it is explained, rather laboriously, that fiscal squeezes may be unpopular because there are losers. Nigel Lawson, to name one who articulated that fiscal changes were easier in good times because there need be no losers, is only one among many of Britain's Chancellors of the Exchequer to be aware of reality.

Happily, when we get to the chapters on actual episodes we are on much more enjoyable and interesting ground. The nine 'case studies' in part two of the book are all interesting and informative. In time they range from 1837 (the US) to 2010 (southern Ireland), and the countries are from all over the developed world. The chapter on the travails of New Zealand as it attempted to halt and reverse the decline that followed changed international circumstances and the economics of the Muldoon government is a fascinating and enjoyable read. Chapter 8 (on Germany) told me much I did not know, and did so clearly and well. The chapter giving a snapshot of the long-running Argentinean horror story is unmissable.

All these 'practical' chapters are worth reading. Prospective readers should not be deterred by the stale and unappetising bread round this very interesting sandwich.

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