Austerity: The History of a Dangerous Idea by **Mark Blyth.** Oxford: Oxford University Press, 2013. 224pp., £14.99, ISBN 978-0199828302

Politics in the Age of Austerity by **Armin Schäfer and Wolfgang Streeck.** Cambridge: Polity Press, 2013. 240pp., £18.99, ISBN 978-0745661698

In the aftermath of the global financial crisis many states have found their finances under severe pressure. Europe is now seemingly entering the age of austerity, with fiscal consolidation the new primary aim of many states. As with any important political development, there is an inevitable lag between the daily reporting of events and the later and loftier scholarly contributions. Thankfully, on the evidence of these two excellent and timely – but

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very different – volumes, the wait has been well worth it.

Mark Blyth's *Austerity* is an angry and impassioned rallying call to discredit the idea of 'growth-friendly fiscal consolidation'. This is an aim he supremely achieves for he utterly demolishes the idea with an aplomb rarely witnessed in political science. Throughout the book, the idea of austerity is carefully traced and in the process we learn that growth-friendly fiscal consolidation severely misdiagnoses the current crisis, has no substantive intellectual underpinning and has never worked in conditions akin to the current global economy. *Austerity* is essentially split into two halves, with the first part offering an account of the subprime and Eurozone sovereign debt crises, respectively, and the second part outlining an intellectual and 'natural' history of austerity.

The second half consists of the actual history of austerity in partly intellectual and partly practical terms. We learn that the fear of a big state and budget deficits can be traced back to key Enlightenment and Scottish Enlightenment thinkers, later being reproduced in the Austrian school of economics and neoliberalism. Special attention is saved for Alberto Alesina and his intellectual supporters, who appear somewhat to exaggerate pro-austerity claims when publicising their work among policy makers (pp. 167–76).

The first half, on the other hand, explains the turn to austerity itself. Blyth traces the current sovereign debt problems back to the sub-prime crisis, essentially arguing that the crisis 'has almost nothing to do with states and everything to do with markets' (p. 53) but that the buck was unfairly passed on to taxpayers. Next he argues (conveniently ignoring the UK and other countries outside the Eurozone) that 'the real reason we all have to be austere' (p. 87) is because of a lack of monetary autonomy (due to the design of monetary union). The only way the troubled Eurozone nations can deal with their massively over-leveraged banks is to deflate their economies through cuts in spending.

Meanwhile, *Politics in the Age of Austerity*, edited by Armin Schäfer and Wolfgang Streeck, provides an excellent and insightful examination of democracy – broadly conceived – in fiscally hard times. Highlights include the editors' introduction, Streeck and Daniel Mertens on the decline of state capacity, Fritz Scharpf on the Eurozone crisis, Claus Offe on participatory inequality, Schäfer on democracy in hard times and Streeck's final closing chapter 'The Crisis in Context'. Picking out central theses from edited collections can be tricky (and sometimes even frustrating) but, happily, two central arguments can be identified at the core of this volume: one about democracy and another about fiscal crisis.

First, 'citizens must be able to influence the course of government through elections ... if a change in government cannot translate into different policies, democracy is incapacitated' (p. 1). This matters, not just out of democratic principle, but because fiscal consolidation also brings into question the capacity of states to provide for 'collective goods crucial to future prosperity' and 'social cohesion declines as well' (p. 30). The implications for democracy seem pretty dire. Limited state capacity and lack of discretionary spending power (Chapter 2) will impact upon the ability to make choices, while the potential convergence of ideologies (Chapter 7) and increased inequality (Chapter 8) will erode political participation.

Second, most contributors take the long (fiscal) view and argue that Western democratic states in general have something akin to a long-burning budgetary crisis, sometimes making the case that decreasing revenue is just as problematic as increasing expenditure. As Schäfer and Streeck explain (p.3), while 'the fiscal crisis of today's rich democracies became apparent only after 2008, it has long been in the making'. For the past four decades or so, the majority of OECD states have 'had to borrow money to cover a chronic gap between public expenditure and public revenue, resulting in a steady increase in public debt' (p.4). This argument is most fully outlined in the first and last chapters, within which a convincing analytical narrative about the sources of fiscal crisis is expertly woven.

Having read both books back-to-back the obvious question is: 'Well, which crisis is it?' Is it (as Blyth argues) a *market crisis* that began with the sub-prime debacle before dragging the state in; or is it (as Streeck *et al.* argue) the most recent manifestation of an otherwise stalled *state crisis* inherent in capitalist democracies? It might seem that these explanations are contradictory, but perhaps a wiser conclusion would be to accept that the different levels of analysis on offer, whose approaches are influenced by different ontological and normative commitments, will always provide very different analyses. One definite truth remains at least: both these books are excellent and timely contributions and are equally illuminating. Consequently, they both deserve to be read widely.

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